

Variety WA Incorporated

T/A Variety WA – the Children's Charity (Tent 74)

ABN 14 020 124 537

Annual Financial Report 30 September 2013

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Board of Management

E. Briers – Chair/Chief Barker

J. Komninos – Vice Chair

R. O’Dea – Treasurer

A. Begley – Board Member

G. Bylund – Board Member

W. Carroll – Board Member

C. Gemmill – Board Member

B. Heatley – Board Member

C. Hollins – Board Member

C. Lockwood – Board Member

P. McBurney – Board Member

R. Migliore – Board Member

Board of Management Report

The Board of Management of Variety WA Incorporated, which trades as Variety WA Incorporated, have pleasure in submitting the following report in respect of the year ended 30 September 2013 in accordance with a resolution of Members.

MEMBERS

The Board of Management in office at the date of this report are set out on page 3 of this report.

The Board of Management members had no interests in contracts or proposed contracts with Variety WA Incorporated during the course of the financial year other than noted in the statutory information of this report.

DIVIDENDS

The Charity is a not-for-profit organisation and is prevented by its constitution from paying dividends.

ASSOCIATION INFORMATION

Variety WA Incorporated is an Association incorporated in Western Australia under the Associations Incorporation Act 1987.

The registered office of Variety WA Incorporated is 102 Burswood Road, Burswood WA 6100.

The entity employed 15 staff at 30 September 2013, (30 September 2012: 16).

PRINCIPAL ACTIVITIES

The principal activities of Variety WA Incorporated during the year were to supply equipment and resources to disadvantaged and special needs children in the community. Variety WA Incorporated achieves this through fundraising and provision of grants to both individuals and organisations through the Caring for Kids, Freedom and Future Kids programs. The principal activities have not changed from previous years.

OPERATING AND FINANCIAL REVIEW

Operating revenue

The operating revenue for the year ended 30 September 2013 was \$4,582,953 (30 September 2012: \$8,899,768).

Operating result before grants and programs

The operating profit before grants and programs approved for the year ended 30 September 2013 was \$1,239,939 (30 September 2012: \$5,224,050).

Grants and programs

Grants provided directly to disadvantaged and special needs children for the year ended 30 September 2013 were \$3,280,843 (30 September 2012: \$2,956,475). When combined with the running costs of the programs the total cost of grants and programs was \$3,570,189 (30 September 2012: \$3,180,522).

Net operating result

The operating deficit for the year ended 30 September 2013 was \$2,330,250 (30 September 2012: surplus of \$2,043,528).

Board of Management Report (continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Board of Management are in the process of entering into a lease agreement for the property at Unit 3, 63 Shepperton Road, Victoria Park.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

As noted above, the Board of Management began the process of entering into a lease agreement for the property at Unit 3, 63 Shepperton Road, Victoria Park. This is a commercial lease that the Board of Management considers will enhance the prospects of completing a sale of the property.

No other matters or circumstances have arisen since the end of the year which significantly affect, or may significantly affect, the state of affairs or operations of Variety WA subsequent to the year ended 30 September 2013.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In the opinion of the Board of Management, there are no likely changes in the operations of Variety WA Incorporated, which will adversely affect the results of Variety WA Incorporated in subsequent financial years.

ENVIRONMENTAL REGULATION AND PERFORMANCE

Variety WA Incorporated is not subject to any particular or significant environmental regulation.

BOARD OF MANAGEMENT BENEFITS

No Board of Management member of Variety WA Incorporated has, since the end of the previous financial year, received or become entitled to receive a benefit by reason of a contract made by Variety WA Incorporated with the Board of Management Member or with a firm of which they are a member, or with an Association in which they have substantial financial interest except for those items disclosed in the notes to this Annual Financial Report.

INDEMNIFICATION AND INSURANCE OF MEMBERS

Association indemnity insurance was purchased during the year and covers the Board of Management up to a maximum of \$5,000,000 for any one claim and an annual aggregate of \$10,000,000. The premium paid for the insurance was \$1,052.99 (excluding GST).

Board of Management Report (continued)

BOARD OF MANAGEMENT MEETINGS

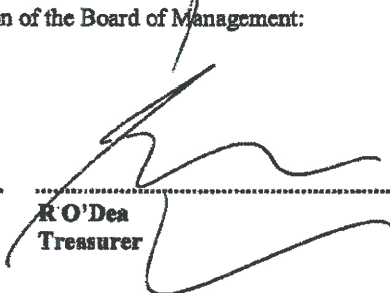
The number of meetings of Board of Management Members held during the year and the number of meetings attended by each member were as follows:

	Board of Management Meetings Attended	Board of Management Meetings Eligible to Attend
E Briers (Chief Barker)	11	11
J Komminos (Vice Chairman)	9	11
R O'Dea (Treasurer)	11	11
A Begley	8	11
D Brooker *	4	6
G Bylund	9	11
W Carroll	8	11
C Gemmill	3	9
B Heatley	8	11
C Hollins	8	9
S Hunter	2	2
C Lockwood	5	8
P McBurney *	6	11
R Migliore	8	8
J Mancini (Former Chief Barker)	2	2

* D Brooker retired from the Board of Management on 20 November 2012 and also attended 3 of 4 Board Meetings as an alternate Director for P McBurney

Signed in accordance with a resolution of the Board of Management:


 E Briers
 Chief Barker / Chair


 R O'Dea
 Treasurer

Date: 19 November 2013

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2013	Notes	2013 \$	2012 \$
Fund raising income	2	4,489,842	7,534,106
Other income	2	93,111	1,365,662
Total revenues		4,582,953	8,899,768
Support salaries & related costs		(281,390)	(206,078)
Fundraising & event costs	2	(2,654,685)	(3,017,903)
Depreciation	3	(118,738)	(102,679)
Other expenses		(288,201)	(349,058)
Total expenses		(3,343,014)	(3,675,718)
Net surplus before grants and programs		1,239,939	5,224,050
Grants and programs			
Grants approved	2	(3,280,843)	(2,956,475)
Program delivery costs	2	(289,346)	(224,047)
Total grants and programs		(3,570,189)	(3,180,522)
(Deficit)/Surplus before tax		(2,330,250)	2,043,528
Income tax expense		-	-
(Deficit)/Surplus after tax	2	(2,330,250)	2,043,528
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive (expense)/income for the year		(2,330,250)	2,043,528

The accompanying notes form part of these financial statements.

Statement of Financial Position

AS AT 30 SEPTEMBER 2013	Notes	2013 \$	2012 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	1,683,080	4,328,370
Trade and other receivables	5	535,090	430,305
Inventories	6	-	18,820
Non-current assets held for sale	8	398,330	398,330
Total current assets		2,616,500	5,175,825
Non-current assets			
Property, plant and equipment	7	3,022,768	3,110,052
Total non-current assets		3,022,768	3,110,052
TOTAL ASSETS		5,639,268	8,285,877
LIABILITIES			
Current liabilities			
Grants payable	9	2,085,477	2,234,233
Trade and other payables	9	230,547	401,072
Provisions	10	134,687	103,435
Deferred income	11	-	32,477
Total current liabilities		2,450,711	2,771,217
Total non-current liabilities		-	-
TOTAL LIABILITIES		2,450,711	2,771,217
NET ASSETS		3,188,557	5,514,660
EQUITY			
Retained earnings	12(a)	2,709,904	5,040,154
Reserves	12(b)	478,653	474,506
TOTAL EQUITY		3,188,557	5,514,660

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Retained earnings \$	Reserves \$	Total Equity \$
At 1 October 2011	2,996,626	481,208	3,477,834
Total comprehensive income for the year	2,043,528	-	2,043,528
Movement in sunshine coach grants reserve	-	(6,702)	(6,702)
At 30 September 2012	<u>5,040,154</u>	<u>474,506</u>	<u>5,514,660</u>

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Retained earnings \$	Reserves \$	Total Equity \$
At 1 October 2012	5,040,154	474,506	5,514,660
Total comprehensive expense for the year	(2,330,250)	-	(2,330,250)
Movement in sunshine coach grants reserve	-	4,147	4,147
At 30 September 2013	<u>2,709,904</u>	<u>478,653</u>	<u>3,188,557</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2013	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from donors, sponsors, members and functions		4,369,017	8,929,127
Payments to suppliers and employees		(3,618,834)	(1,785,503)
Interest received		61,433	65,564
Grants paid		(3,329,586)	(2,953,888)
Net cash flows from operating activities	4 (a)	<u>(2,517,970)</u>	<u>4,255,300</u>
Cash flows used in investing activities			
Proceeds from sales of fixed assets		-	196,772
Purchase of property, plant and equipment		(127,320)	(3,044,261)
Net cash flows used in investing activities		<u>(127,320)</u>	<u>(2,847,489)</u>
Net cash flows used in financing activities			
		-	-
Net (decrease) / increase in cash and cash equivalents		(2,645,290)	1,407,811
Cash and cash equivalents at beginning of year		<u>4,328,370</u>	<u>2,920,559</u>
Cash and cash equivalents at end of year	4	<u>1,683,080</u>	<u>4,328,370</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Variety WA Incorporated for the year ended 30 September 2013 was authorised for issue in accordance with a resolution of the Board of Management Members on 19 November 2013.

Variety WA Incorporated is an incorporated association and was incorporated on 8 April 1995.

Variety WA Incorporated is incorporated and domiciled in Australia. The registered office, which is the principal place of business, is located at 102 Burswood Road, Burswood WA 6100.

In the event of Variety WA Incorporated being wound up, member's liability is limited to an amount of \$NIL. If Variety WA Incorporated ceases to operate, assets are distributed to either another incorporated association with similar objectives; or distributed for charitable or benevolent purposes.

The nature of the operations and principal activities of Variety WA Incorporated are described in the Board of Management report.

All amounts are stated in Australian dollars.

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards.

The financial report has also been prepared on an accrual and historical cost basis.

No judgements made by management as to the application of accounting standards have had a significant effect on the amounts recognised in the financial report.

Other than as disclosed in note 20, there are no key assumptions regarding the future or other sources of estimation uncertainty which are likely to cause material adjustments to the carrying value of assets and liabilities in future reporting periods.

Variety WA Incorporated is a not-for-profit entity for the purposes of preparing Financial Statements.

(b) Statement of compliance

To the extent that they apply to not for profit organisations, the financial report complies with Australian Accounting Standards.

Certain Australian Accounting Standards have recently been issued or amended but are not yet effective and have not been adopted by the Variety WA Incorporated for the annual reporting period ended 30 September 2013. The Board of Management has not early adopted any of these new or amended standards. The Board of Management reviewed the impact of these standards on Variety WA Incorporated and concluded that the impact on future years will be insignificant.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land and buildings are measured at cost.

Depreciation is calculated on a straight-line basis over the estimated life of the assets as follows:

Buildings – over 40 years
 Computer equipment – over 3 - 4 years
 Plant and equipment – over 5 years
 Motor vehicles – over 5 - 8 years
 Furniture and fittings – over 10 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Revaluations of land and buildings

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except to the extent that it offsets a previous revaluation increase for the same asset, in which case the decrease is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amounts of the assets and depreciation based on the assets' original costs.

Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases

Finance leases, which transfer to Variety WA Incorporated substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period so as to achieve a constant rate on the remaining balance of the liability. Finance charges are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments including fixed rental increases (net of any incentives received from the lessor) are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term.

(e) Trade and other receivables

Trade receivables, which generally have 7 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that Variety WA Incorporated may not be able to collect the debt.

(f) Inventories

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

Inventory also includes donated goods which are to be sold at auction for fundraising purposes. Inventory items are valued at approximate net realisable value, and this value is used as the reserve at auction to ensure that the auction proceeds exceed cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(g) Financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments or available-for-sale assets, as appropriate. When financial assets are recognised initially, they are measured at cost, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Variety WA Incorporated determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that Variety WA Incorporated commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

(i) Financial assets at fair value through profit and loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in profit or loss.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investments and other financial assets (continued)

(ii) Held-to-maturity assets

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when Variety WA Incorporated has the positive intention and ability to hold to maturity. Assets that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For assets carried at amortised cost, gains and losses are recognised in the profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale assets

Available-for-sale assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the preceding three categories. After initial recognition available-for-sale assets are measured at fair value with gains or losses being recognised as a separate component of equity until the asset is derecognised or until the asset is determined to be impaired, at which time the cumulative gain or loss previously reported is recognised in profit or loss.

For assets with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(h) Impairment of assets

At each reporting date, Variety WA Incorporated assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, Variety WA Incorporated makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In determining recoverable amount, the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate.

(i) Cash and cash equivalents

Cash and bank deposits in the Statement of Financial Position comprise cash at bank and in hand, bank deposits with an original maturity of twelve months or less and bank overdrafts. Bank overdrafts are shown within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to Variety WA Incorporated prior to the end of the financial year that are unpaid and arise when Variety WA Incorporated becomes obliged to make future payments in respect of the purchase of these goods and services.

(k) Grants payable

Grants payable are carried at cost and are recognised when the entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits as a result of past transactions or events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Sunshine coaches on loan to recipient organisations are classified as a reserve as they do not constitute a present obligation at the year end.

(l) Provisions

Provisions are recognised when Variety WA Incorporated has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(m) Employee leave benefits

Provision is made for Variety WA Incorporated's liability for employee benefits as a result of employees rendering services up 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.

Employee entitlements expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits; and
- other types of employee benefits are recognised against profits on a net basis in their respective categories.

(n) Income tax

Variety WA Incorporated is exempt from income tax. It is a Deductible Gift Recipient (DGR) and an Income Tax Exempt Corporation (ITEC).

(o) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Other taxes (Cont'd)

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

(p) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Variety WA Incorporated and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Events Revenue

Event revenue and the associated expenses are recognised to the stage of completion by reference to the stage of completion of the transaction at the reporting date when the outcome of the transaction involving the rendering of services can be estimated reliably.

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Sales of non-current assets

The gross proceeds of non-current assets sales are included at the date control of the asset passes to the buyer. The gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

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 at their replacement cost, and expensed when the goods are sold, or otherwise used.

Donations of Services

Donated services, such as the use of a conference centre to host an event, are recognised as revenue at their replacement cost. An equivalent amount is recognised as an expense, relating to the type of service donated.

Pledges (revenue) received

Pledges are recognised as revenue once Variety WA Incorporated received an enforceable right to collect the pledge when it falls due.

(q) Financial risk management objectives and policies

Variety WA Incorporated's principal financial instruments consist mainly of cash assets, trade and other receivables and trade and other payables.

The main purpose of these financial instruments is to provide funding to disadvantaged children in Western Australia. Variety WA Incorporated has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

Variety WA Incorporated does not hold any complex financial instruments or any derivative financial instruments.

It is Variety WA Incorporated's policy that no trading in financial instruments shall be undertaken. This was the case throughout the period under review.

The main risks arising from Variety WA Incorporated's financial instruments are market risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks as summarised below.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Financial risk management objectives and policies (Cont'd)

Market Risk

Refer to note 18(c) to the financial statements.

Credit risk

Credit risk relates to Variety WA Incorporated's financial assets which are held as cash and cash equivalents and trade and other receivables. Variety WA Incorporated only deals with major Australian banks and only trades with recognised, creditworthy parties.

It is Variety WA Incorporated's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

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

Variety WA Incorporated minimises concentration of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

The maximum credit risk exposure to Variety WA Incorporated at the balance date is \$2,218,170. Credit risk in trade receivables is managed in the following ways:

- payment terms are 7 days;
- management review older amounts due and pursue customers for payment; and
- a \$NIL (2012: \$NIL) provision is held to cover any potential bad debts that may arise

Since Variety WA Incorporated trades only with recognised credit worthy third parties, there is no requirement for collateral.

Liquidity Risk

Refer note 9 to the financial statements.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

2 FUND RAISING INFORMATION AND ADMINISTRATION COSTS

Additional information to be furnished under the Charitable Collections Act 1946.

Details of aggregate income and expenditure of fundraising are as follows:

	2013 Total Income \$	2013 Direct Expenses \$	2013 Net Income \$	2012 Net Income \$
Fundraising information				
Bash	1,449,576	(652,395)	797,181	1,483,352
4WD	431,286	(293,236)	138,050	394,670
Car cruise	310,681	(210,677)	100,004	35,299
Bike run	133,986	(138,695)	(4,709)	106,156
Variety of Chefs	277,050	(227,421)	49,629
Corporate – Cash	388,704	(253,525)	135,179	307,427
Corporate – Gifts in kind*	73,184	(73,184)	-	-
Third party events	143,420	(60,312)	83,108	141,015
Toy bank	84,007	(37,073)	46,934	25,123
Appealathon	286,173	(33,146)	253,027	1,971,791
Appealathon – Gifts in kind*	-	-	-	-
Marketing	35,812	(99,360)	(63,548)	(151,402)
Marketing – Gifts in kind*	112,440	(105,545)	6,895	4,675
Community fundraising	582,723	(276,777)	305,946	93,311
Regions	180,800	(193,339)	(12,539)	104,786
Total contribution from events	4,489,842	(2,654,685)	1,835,157	4,516,203
Interest received			61,433	65,564
Other income			31,678	1,300,098
Administration costs			(688,329)	(657,815)
Surplus before grants and programs			1,239,939	5,224,050
Grants expense			(3,280,843)	(2,956,475)
Program servicing costs			(289,346)	(224,047)
Total grants and programs			(3,570,189)	(3,180,522)
(Deficit)/Surplus before income tax			(2,330,250)	2,043,528

The costs of events staff salaries and other costs directly attributable to fundraising events are included in the cost of fundraising, and excluded from administration expenses.

* These form part of the total goods and services in kind received of \$808,115 (2012: \$1,190,027) and goods and services in kind expended of \$736,520 (2012: \$1,190,027). Others are included in the relevant expense or revenue category.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	2013 \$	2012 \$
3 EXPENSES		
Operating surplus is stated after charging the following items:		
Depreciation: Plant & equipment	24,589	46,652
Depreciation: Furniture & fittings	10,221	8,002
Depreciation: Motor vehicles	18,821	20,897
Depreciation: Sunshine coaches	95,866	113,781
Depreciation: Buildings	65,107	27,128
Total depreciation	214,604	216,460
Depreciation expensed as appeals granted	(95,866)	(113,781)
Depreciation expense	118,738	102,679

4 CASH AND CASH EQUIVALENTS

Reconciliation to the Statement of Cash Flows

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following:

Cash in hand	1,343	1,100
Cash at bank	1,087,237	4,175,150
Bank deposits	594,500	152,120
	1,683,080	4,328,370

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(a) Reconciliation of the net profit to the net cash flows from operations

(Deficit)/Surplus after tax	(2,330,250)	2,072,887
Non-cash or operating items		
Depreciation	214,604	216,460
Donations received in kind	(808,115)	(1,190,027)
Donations granted in kind	808,115	1,152,505
Profit on sale of fixed assets	-	(153,761)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(104,785)	2,156,668
(Increase)/decrease in inventory	18,820	(6,430)
(Decrease)/increase in appeals payable	(144,609)	(2,587)
(Decrease)/increase in trade and other creditors (including deferred income)	(203,002)	(44,264)
(Decrease)/increase in provisions	31,252	53,849
Net cash flows from operating activities	(2,517,970)	4,255,300

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

4 CASH AND CASH EQUIVALENTS (CONT'D)

	2013	2012
	\$	\$

(b) Non-cash financing and investing activities

Credit card facility

At balance date, Westpac provided the organisation with a business credit card facility with a limit of \$30,000 (2012: \$20,000).

Donated goods and services

During the year, the organisation received donated goods and services to the value of \$808,115 (2012: \$1,190,027). As these were acquired for no consideration, the goods and services were valued at current replacement cost.

5 TRADE AND OTHER RECEIVABLES

(CURRENT)

Trade receivables	121,979	92,266
Prepayments	43,212	23,065
Other receivables	24,694	140,153
Accrued income	208,481	2,709
Net GST receivable	136,724	172,112
	<u>535,090</u>	<u>430,305</u>

Trade debtors are non-interest bearing and generally on 7 day terms.

Other receivables consist primarily of amounts owed by the ATO in respect of GST. These amounts are typically settled within 30 days of quarter end.

Accrued income is donations promised but not received as at 30 September 2013.

6 INVENTORIES

Merchandise (at cost)	-	18,820
	<u>-</u>	<u>18,820</u>

Inventory expense

Inventory write-downs recognised as an expense totalled \$18,820 (2012: \$NIL) for Variety WA Incorporated.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

7 PROPERTY, PLANT AND EQUIPMENT

	2013	2012
	\$	\$
Land	1,014,933	1,014,933
Buildings – at cost	1,627,665	1,627,665
Accumulated depreciation	(92,235)	(27,128)
	<u>1,535,430</u>	<u>1,600,537</u>
Plant & Equipment	268,034	250,847
Accumulated depreciation	(225,250)	(200,661)
	<u>42,784</u>	<u>50,186</u>
Motor Vehicles	121,648	117,692
Accumulated depreciation	(45,247)	(26,426)
	<u>76,401</u>	<u>91,266</u>
Furniture & Fittings	102,206	96,029
Accumulated depreciation	(18,223)	(8,002)
	<u>83,983</u>	<u>88,027</u>
Sunshine Coach	757,464	657,464
Accumulated depreciation	(488,227)	(392,361)
	<u>269,237</u>	<u>265,103</u>
Total	<u>3,022,768</u>	<u>3,110,052</u>

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

RECONCILIATION

	Land	Building	Plant & Equipment	Motor Vehicles	Furniture & Fittings	Sunshine Coach	Total
<u>Cost</u>							
Opening balance as at 1 October 2011	-	-	211,693	110,448	-	514,726	836,867
Additions	1,014,933	1,627,665	39,154	69,487	96,029	190,303	3,037,571
Disposals	-	-	-	(62,243)	-	(47,565)	(109,808)
Ending balance as at 30 September 2012	1,014,933	1,627,665	250,847	117,692	96,029	657,464	3,764,630
<u>Accumulated depreciation</u>							
Opening balance as at 1 October 2011	-	-	(154,009)	(51,174)	-	(299,720)	(504,903)
Depreciation	-	(27,128)	(46,652)	(20,897)	(8,002)	(113,781)	(216,460)
Disposals	-	-	-	45,645	-	21,140	66,785
Ending balance as at 30 September 2012	-	(27,128)	(200,661)	(26,426)	(8,002)	(392,361)	(654,578)
Carrying amount	1,014,933	1,600,537	50,186	91,266	88,027	765,103	3,110,052

	Land	Building	Plant & Equipment	Motor Vehicles	Furniture & Fittings	Sunshine Coach	Total
<u>Cost</u>							
Opening balance as at 1 October 2012	1,014,933	1,627,665	250,847	117,692	96,029	657,464	3,764,630
Additions	-	-	17,187	3,956	6,177	100,000	127,320
Disposals	-	-	-	-	-	-	-
Ending balance as at 30 September 2013	1,014,933	1,627,665	268,034	121,648	102,206	757,464	3,891,950
<u>Accumulated depreciation</u>							
Opening balance as at 1 October 2012	-	(27,128)	(200,661)	(26,426)	(8,002)	(392,361)	(654,578)
Depreciation	-	(65,107)	(24,589)	(18,821)	(10,221)	(95,866)	(214,604)
Disposals	-	-	-	-	-	-	-
Ending balance as at 30 September 2013	-	(92,235)	(225,250)	(45,247)	(18,223)	(488,227)	(869,182)
Carrying amount	1,014,933	1,535,430	42,784	76,401	83,983	269,237	3,022,768

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

8 NON-CURRENT ASSETS HELD FOR SALE

This relates to the property at Unit 3, 63 Shepperton Road, Victoria Park which Variety WA Incorporated vacated during 2012. The property remains held for sale due to the level of inactivity in the current property market.

The Board of Management is in the process of entering into a lease agreement for the property and considers the prospect of selling the property will be enhanced with a commercial lease in place. This property as at 30 September 2013 is carried at net book value as the Board of Management consider this to be a reasonable estimation of realisable value with no lease in place.

		2013 \$	2012 \$
9 PAYABLES (CURRENT)			
Trade payables	(i)	33,880	316,673
Other payables and accruals	(ii)	196,667	84,399
		<u>230,547</u>	<u>401,072</u>
Grants payable	(iii)	<u>2,085,477</u>	<u>2,234,233</u>

- (i) Trade payables are non-interest bearing and are normally settled on 30 day terms.
(ii) Other payables and accruals are non-interest bearing and have an average term of 30 days.
(iii) Refer to note 1(k).

Liquidity risk

Liquidity risk is the risk that Variety WA Incorporated will not be able to meet its financial obligations as they fall due. Variety WA Incorporated's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damaging Variety WA Incorporated's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Management. Under instruction from the board, management have developed an appropriate risk management framework for the management of the short, medium and long term funding and liquidity management requirements. Variety WA Incorporated manages liquidity risk by maintaining reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

10 PROVISIONS

Annual leave brought forward	75,068	49,586
Amounts accrued during the year	2,169	25,482
Annual leave carried forward	<u>77,237</u>	<u>75,068</u>
Long service leave brought forward	28,367	-
Amounts accrued during the year	29,083	28,367
Long service leave carried forward	<u>57,450</u>	<u>28,367</u>
Total provisions	<u>134,687</u>	<u>103,435</u>

Employee benefits

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits would include long service leave if any employee was entitled to it or a risked-estimate of the provision if an employee is nearing entitlement.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

11 DEFERRED INCOME

Deferred income relates to donations received in the year that relate to events occurring in the 2012/2013 financial year and amount to \$NIL (2012: \$32,477)

12 RESERVES

(a) Retained earnings

2013

2012

\$

\$

Movements in retained earnings were as follows:

Beginning of financial year	5,040,154	2,996,626
Net (deficit)/surplus for the year	(2,330,250)	2,043,528
End of financial year	<u>2,709,904</u>	<u>5,040,154</u>

(b) Reserves

Movements in reserves were as follows:

Beginning of financial year		474,506	481,208
Movement in the year	(i)	<u>4,147</u>	<u>(6,702)</u>
End of financial year		<u>478,653</u>	<u>474,506</u>

(i) The reserves of \$328,653 (2012:\$324,506) relates to the Sunshine coach grants. Refer to note 1 (k).

(ii) The reserve of \$150,000 (2012: \$150,000) relates to funds injected into the organisation by the Bendat Family Foundation. The interest earned on these funds must be used for the Brian Treasure Scholarship Fund.

13 COMMITMENTS AND CONTINGENCIES

Variety WA Incorporated has no capital or operational commitments in existence at the balance date.

14 AUDITORS' REMUNERATION

The auditor of Variety WA Incorporated is Butler Settineri (Audit) Pty Ltd. Butler Settineri (Audit) Pty Ltd received \$16,100 (2012: \$10,603) excluding GST in respect of audit services provided in the year. An amount of \$NIL was paid for non-audit services.

15 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel (KMP)

(i) Executives

Michael Pailthorpe

Chief Executive Officer

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

15 KEY MANAGEMENT PERSONNEL (CONT'D)

(b) Compensation of Key Management Personnel

A formal meeting is held in November where a discussion regarding performance occurs and the Board make a decision regarding the remuneration of KMP. Due to the sensitive nature of information, compensation data is not reported.

(c) Other transactions and balances with (KMP) and their related parties

Sales and Purchases

During the year, there were no sales or purchases from Key Management Personnel

16 RELATED PARTY DISCLOSURE

(a) Ultimate parent

Variety WA Incorporated is a member of Variety Australia and Variety International.

(b) Key management personnel

Details relating to key management personnel, including remuneration, are included in note 15.

(c) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

Related party		Revenue /(services from) related parties	Payments to/(from) related parties	Amounts owed (by)/to related parties
Variety International The Children's Charity	2013	-	-	-
	2012	(11,494)	-	-
Variety Australia Ltd	2013	25,390	125,177	14,000
	2012	(15,040)	113,650	15,337
Variety NSW	2013	31,006	29,705	6,252
	2012	-	2,313	(31,005)
Variety NT	2013	1,638	16,500	-
	2012	-	11,807	-
Variety QLD	2013	137	-	-
	2012	455	782	-
Variety SA	2013	-	500	-
	2012	6,992	-	-
Variety TAS	2013	138	-	-
	2012	127	-	-
Variety VIC	2013	12,795	-	-
	2012	-	-	-

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

17 SEGMENT INFORMATION

Variety WA Incorporated operates in predominately one segment and one geographical region fundraising within Western Australia.

18 FINANCIAL INSTRUMENTS

Variety WA Incorporated's principal financial instruments consist mainly of cash assets, trade receivables and trade payables.

(a) Net fair values

All financial assets and liabilities have been recognised at the balance date at their net fair values. The carrying amount of financial assets and liabilities approximate their net fair value. These financial assets and liabilities are included in the assets and liabilities in the Statement of Financial Position. There are no financial assets which have a carrying amount exceeding their net fair value.

(b) Financial Instruments

	Carrying amount		Fair value	
	2013	2012	2013	2012
	\$	\$	\$	\$
(i) Financial assets				
Cash assets	1,683,080	4,328,370	1,683,080	4,328,370
Trade and other receivables	535,090	430,305	535,090	430,305
Total financial assets	2,218,170	4,758,675	2,218,170	4,758,675
(ii) Financial liabilities				
Trade creditors	33,880	316,673	33,880	316,673
Grants payable	2,085,477	2,234,233	2,085,477	2,234,233
Other creditors and accruals	331,354	401,072	331,354	401,072
Total financial liabilities	2,450,711	2,951,978	2,450,711	2,951,978

(c) Market risk

Market risk includes price risk, foreign exchange rate risk and interest rate risk. Variety WA Incorporated's exposure to market risk is the financial risk of changes with respect to interest rates. Variety WA Incorporated has no exposure to price risk or foreign exchange rate risk.

Variety WA Incorporated's exposure to the risk of changes in interest rates relates primarily to Variety WA Incorporated's bank accounts and credit card.

A change of 100 basis points in variable interest rates would have the following increase/ (decrease) effect on profit and equity.

	100bp increase \$'000	100bp decrease \$'000
30 September 2013		
Variable rate instruments	17	(17)
30 September 2012		
Variable rate instruments	43	(43)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

19 EVENTS AFTER BALANCE DATE

Since the end of the financial year, the Board of Management began the process of entering into a lease agreement for the property at Unit 3, 63 Shepperton Road, Victoria Park. This is a commercial lease that the Board of Management considers will enhance the prospects of completing a sale of the property.

The Board of Management have not become aware of any other matter or circumstances not otherwise dealt with in the report or financial statements that has significantly, or may significantly affect the operations of Variety WA Incorporated, the results of those operations or the state of affairs of Variety WA Incorporated in subsequent financial years.

20 CONTINGENT LIABILITIES

There are no contingent liabilities that exist at, or after, the balance date.

21 KEY ASSUMPTIONS

(a) Regarding the future

There is an assumption that Variety WA Incorporated will receive similar levels of support in the future

(b) Regarding the current year

There are no key assumptions regarding the current financial year.

22 CAPITAL MANAGEMENT

The primary focus of Variety WA Incorporated's capital management policy is to ensure adequate working capital to fund the grants already approved and to work towards raising further capital to fund future grant applications. This is done through careful budgeting and a grants approval process which involves obtaining approval from the Board of Management.

At 30 September 2013 current liabilities exceeded current assets. The Board of Management plan to manage the deficit through the likely sale of the property at Unit 3, 63 Shepperton Road, Victoria Park and ongoing review and management of the grants payable liability.

Variety WA Incorporated's working capital as at the balance date was:

	2013 \$	2012 \$
Cash and cash equivalents	1,683,080	4,328,370
Trade and other receivables	535,090	430,305
Grants payable	(2,085,477)	(2,234,233)
Trade and other payables	(230,547)	(401,072)
	<u>(97,854)</u>	<u>2,123,370</u>

Board of Management's Declaration

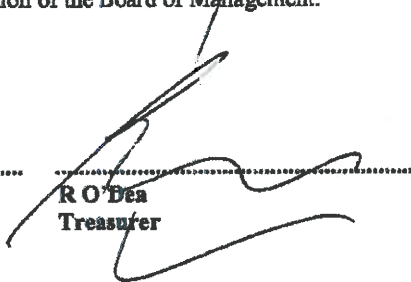
In accordance with a resolution of the Board of Management of Variety WA Incorporated, we state that:

In the opinion of the Board of Management:

- a) **The financial statements and notes of Variety WA Incorporated.**

Presents fairly, Variety WA Incorporated's financial position as at 30 September 2013 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the year ended on that date; and comply with applicable Australian Accounting Standards.
- b) **There are reasonable grounds to believe Variety WA Incorporated will be able to pay its debts as and when they become due and payable.**
- c) **The provisions of the Western Australian Charitable Collections Act 1987 and its regulations and the conditions attached to the Authority to conduct fundraising have been complied with.**
- d) **The internal controls exercised by Variety WA Incorporated are appropriate and effective in accounting for all income received and applied to its fundraising appeals**

Signed in accordance with a resolution of the Board of Management:


.....
E Briers
Chief Barker / Chair
.....
R O'Dea
Treasurer

Perth
Date: 19 November 2013

**INDEPENDENT AUDITOR REPORT
TO THE MEMBERS OF VARIETY WA INCORPORATED (TENT 74)**



Report on the Financial Report

We have audited the accompanying financial report of Variety WA Incorporated (Tent 74), which comprises the statement of financial position as at 30 September 2013 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Board of Management's declaration.

Board of Management's Responsibility for the Financial Report

The Board of Management of the Association are responsible for the preparation of the financial report which presents fairly in accordance with Australian Accounting Standards and for such internal control as the Board of Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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 entity's preparation of the financial report which 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board of Management, as well as evaluating the overall presentation of the financial report.

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

**BUTLER
SETTINERI**

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**Butler Settineri
(Audit) Pty Ltd**

ACN 112 942 373

Registered Company Auditor
Number 289109

*Liability limited by a scheme
approved under Professional
Standards Legislation*

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's Opinion

In our opinion, the financial report of Variety WA Incorporated (Tent 74) presents fairly the Association's financial position as at 30 September 2013 and its performance for the year ended on that date in compliance with Australian Accounting Standards.

BUTLER SETTINERI (AUDIT) PTY LTD

A handwritten signature in blue ink, appearing to read 'Marius Van der Merwe', is written over a faint, illegible stamp.

MARIUS VAN DER MERWE CA
Director

Perth

Date: 20 November 2013