

# Variety WA Incorporated

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

ABN 14 020 124 537

Annual Financial Report 30 September 2016

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## Board of Management

**J. Komninos – Chair/Chief Barker**

**M. d’Almeida – Vice Chair**

**R. O’Dea – Treasurer**

**A. Begley – Board Member**

**J. Campbell – Board Member**

**J. Hanlon – Board Member**

**H. Hinchliffe – Board Member**

**C. Hollins – Board Member**

**J. Hunter – Board Member**

**C. Lockwood – Board Member**

**J. Walter – Board Member**

## Board of Management Report

The Board of Management of Variety WA Incorporated (Variety WA), has pleasure in submitting the following report in respect of the year ended 30 September 2016 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 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 is an Association incorporated in Western Australia under the Associations Incorporation Act 1987.

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

The entity employed 11.8 (FTE) staff at 30 September 2016 (30 September 2015: 12.1 FTE).

### PRINCIPAL ACTIVITIES

The principal activities of Variety WA during the year were to supply equipment and resources to disadvantaged and special needs children in the community. Variety WA 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 2016 was \$6,867,234 (30 September 2015: \$6,348,704).

#### *Donations and collections (Charitable revenue)*

The revenue from donations and collections (charitable revenue) for the year ended 30 September 2016 was \$1,679,731 (30 September 2015: \$1,719,803). The resulting charitable ratio (divide Operating result before grants and programs by Donations and collection) for the year ended 30 September 2016 was 89.8% (30 September 2015: 82.9%).

#### *Operating result before grants and programs*

The operating profit before grants and programs approved for the year ended 30 September 2016 was \$1,508,655 (30 September 2015: \$1,425,031).

#### *Grants and programs*

Grants provided directly to disadvantaged and special needs children for the year ended 30 September 2016 were \$1,323,024 (30 September 2015: \$1,587,231). When combined with the running costs of the programs and subtracting grant write backs, the total cost of grants and programs was \$1,448,633 (30 September 2015: \$1,366,317).

#### *Net operating result*

The operating surplus for the year ended 30 September 2016 was \$60,022 (30 September 2015: surplus of \$58,714).

## **Board of Management Report (continued)**

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There has been no significant change in the state of affairs of the charity during the year ended 30 September 2016.

### **SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

No other 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 2016.

### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

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

### **ENVIRONMENTAL REGULATION AND PERFORMANCE**

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

### **BOARD OF MANAGEMENT BENEFITS**

No Board of Management member of Variety WA 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 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 \$1,256 (excluding GST).

## Board of Management Report (continued)

### BOARD OF MANAGEMENT MEETINGS

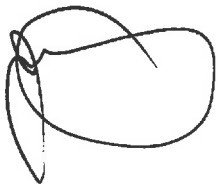
The number of meetings of Board of Management Members held during the year and the number of meetings attended by each member were as follows:

	Board of Management Meetings Attended	Board of Management Meetings Eligible to Attend
J Komninos (Chief Barker)	10	10
M. d’Almeida (Vice Chair) *	8	10
R O’Dea (Treasurer) *	10	10
A Begley	7	10
J Campbell	6	10
W Gregson *	2	2
J Hanlon	9	10
H. Hinchliffe **	1	1
C Hollins	9	10
J Hunter **	1	2
C Lockwood *	9	10
D Mott *	0	1
J Walter *	7	10

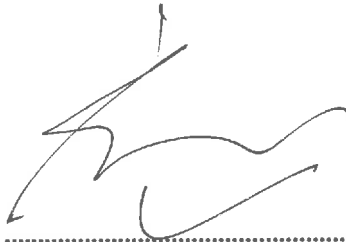
\* The term of membership of the Board of Management expired at the AGM held on 30<sup>th</sup> November 2015 for W. Gregson, R .O’Dea, J. Campbell, C .Lockwood and J. Walter. W.Gregson did not renominate. R .O’Dea, J. Campbell, C .Lockwood, J. Walter and M d’Almeida (previously a co-opted Board Member) were all elected to the board following the election results announced at the AGM. At the October 2015 meeting, D. Mott resigned from the Board of Management.

\*\* At the July 2016 and September 2016 meetings respectively, J .Hunter and H. Hinchliffe were co-opted to the board.

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



.....  
**J Komninos**  
 Chief Barker / Chair



.....  
**R O’Dea**  
 Treasurer

**Date:** 23 November 2016

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Variety WA Incorporated for the year ended 30 September 2016, 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.

The declaration is in respect of Variety WA Incorporated during the year.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director

Perth

Date: 23 November 2016

## Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	2016 \$	2015 \$
Donations and collections	2	1,679,731	1,719,803
Fundraising and event income	2	5,103,912	4,469,071
Other income	2	83,591	159,830
<b>Total revenues</b>		6,867,234	6,348,704
Support salaries & related costs		(460,611)	(450,585)
Fundraising & event costs		(4,428,780)	(4,136,319)
Depreciation	3	(81,617)	(78,515)
Other expenses		(387,571)	(258,254)
<b>Total expenses</b>		(5,358,579)	(4,923,673)
<b>Net surplus before grants and programs</b>		1,508,655	1,425,031
<b>Grants and programs</b>			
Grants approved		(1,323,024)	(1,587,231)
Less Grants Written Back		99,297	455,560
Program delivery costs		(224,906)	(234,646)
<b>Total grants and programs</b>		(1,448,633)	(1,366,317)
<b>Surplus/(Deficit) before tax</b>		60,022	58,714
Income tax expense		-	-
<b>Surplus/(Deficit) after tax</b>		60,022	58,714
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		60,022	58,714

The accompanying notes form part of these financial statements.



## Statement of Financial Position

AS AT 30 SEPTEMBER 2016	Notes	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	1,778,577	1,799,829
Managed investment - cash	6c	6,954	-
Trade and other receivables	5	299,045	399,200
<b>Total current assets</b>		<u>2,084,576</u>	<u>2,199,029</u>
<b>Non-current assets</b>			
Property, plant and equipment	6a	2,764,552	2,788,507
Equity in Variety Australia	6b	23,520	23,520
Managed Investment -Equities	6c	73,046	-
<b>Total non-current assets</b>		<u>2,861,118</u>	<u>2,812,027</u>
<b>TOTAL ASSETS</b>		<u>4,945,694</u>	<u>5,011,056</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Grants payable	7	406,091	428,460
Trade and other payables	7	320,837	408,351
Provisions <sup>6c</sup>	8	137,480	122,011
<b>Total current liabilities</b>		<u>864,408</u>	<u>958,822</u>
<b>Total non-current liabilities</b>		<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>864,408</u>	<u>958,822</u>
<b>NET ASSETS</b>		<u>4,081,286</u>	<u>4,052,234</u>
<b>EQUITY</b>			
Retained earnings	9(a)	3,123,756	3,063,734
Reserves	9(b)	957,530	988,500
<b>TOTAL EQUITY</b>		<u>4,081,286</u>	<u>4,052,234</u>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

### FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Retained earnings \$	Reserves \$	Total Equity \$
<b>At 1 October 2014</b>	<b>3,005,020</b>	<b>1,019,470</b>	<b>4,024,490</b>
Total comprehensive expense for the year	58,714	-	58,714
Movement in sunshine coach grants reserve	-	(30,970)	(30,970)
<b>At 30 September 2015</b>	<b>3,063,734</b>	<b>988,500</b>	<b>4,052,234</b>

### FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Retained earnings \$	Reserves \$	Total Equity \$
<b>At 1 October 2015</b>	<b>3,063,734</b>	<b>988,500</b>	<b>4,052,234</b>
Total comprehensive income for the year	60,022	-	60,022
Movement in reserve	-	(30,970)	(30,970)
<b>At 30 September 2016</b>	<b>3,123,756</b>	<b>957,530</b>	<b>4,081,286</b>

The accompanying notes form part of these financial statements.

## Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2016	Notes	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Receipts from donors, sponsors, members and fundraising		6,936,927	6,532,555
Payments to suppliers and employees		(5,349,008)	(5,012,116)
Interest received		30,462	58,083
Interest paid		-	(4)
Grants paid		(1,471,002)	(2,167,202)
<b>Net cash flows used in operating activities</b>	4 (a)	147,379	(588,684)
<b>Cash flows used in investing activities</b>			
Purchase of managed investment		(80,000)	-
Purchase of assets		(88,631)	(1,445)
<b>Net cash flows used in investing activities</b>		(168,631)	(1,445)
<b>Net cash flow used in financing activities</b>		-	-
<b>Net (decrease) / increase in cash and cash equivalents</b>		(21,252)	(590,129)
Cash and cash equivalents at beginning of year		1,799,829	2,389,958
<b>Cash and cash equivalents at end of year</b>	4	1,778,577	1,799,829

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Variety WA Incorporated (Variety WA) for the year ended 30 September 2016 was authorised for issue in accordance with a resolution of the Board of Management Members on 21 November 2016.

Variety WA is an incorporated association and was incorporated on 8 April 1995. The Financial Report covers Variety WA as an individual entity.

Variety WA 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 being wound up, member's liability is limited to an amount of \$NIL. If Variety WA 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 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 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 18, 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 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 for the annual reporting period ended 30 September 2016. 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 and concluded that the impact on future years will be insignificant.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 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.

#### *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.

#### (d) Leases

Finance leases, which transfer to Variety WA 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.

Collectability 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 may not be able to collect the debt.

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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) Investments and other 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 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 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.

#### *(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 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.

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Investments and other financial assets (continued)

#### *(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 assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, Variety WA 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. 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.

### (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 prior to the end of the financial year that are unpaid and arise when Variety WA 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.

All grants are reviewed once 12 months has passed since they were approved. Upon the expiration of 12 months any grant that is no longer required, no longer meets the grants criteria or all the needs of the recipient have been met, then any outstanding balance is written back and the grant treated as completed.

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

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Provisions

Provisions are recognised when Variety WA 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'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 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.

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.



# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Variety WA and the revenue can be reliably measured.

#### *Donations and collections income*

Donations and collections income refers to donations received by the charity which qualifies as a donation under its deductible gift recipient status.

Donations and collections income includes:

- Goods that 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.
- 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.

#### *Fundraising and events income*

Fundraising and event income 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. Fundraising and events income refers to income derived from the charity's various events held during the year.

#### *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.

#### *Pledges (revenue) received*

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

### (q) Financial risk management objectives and policies

Variety WA'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 has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

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

It is Variety WA'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'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 2016

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (q) Financial risk management objectives and policies (continued)

##### *Market Risk*

Refer to note 15(c) to the financial statements.

##### *Credit risk*

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

It is Variety WA'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's exposure to bad debts is not significant.

Variety WA 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 at the balance date is \$299,045. 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 (2015: \$NIL) provision is held to cover any potential bad debts that may arise

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

##### *Liquidity Risk*

Refer note 7 to the financial statements.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 2 FUND RAISING INFORMATION

	2016	2015
	\$	\$
Donations and collections	1,679,731	1,719,803
Fundraising and event income	5,103,912	4,469,071
Interest received	30,462	58,083
Other income	53,129	101,747
	<u>6,867,234</u>	<u>6,348,704</u>

### 3 EXPENSES

Operating surplus is stated after charging the following items:

Total Depreciation	112,587	109,485
Depreciation expensed as appeals granted	(30,970)	(30,970)
Depreciation expense	<u>81,617</u>	<u>78,515</u>

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	2016 \$	2015 \$
<b>4 CASH AND CASH EQUIVALENTS</b>		
<b>Reconciliation to the Statement of Cash Flows</b>		
For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following:		
Cash in hand	10,699	10,681
Cash at bank	833,121	654,391
Bank deposits	934,757	1,134,757
	<u>1,778,577</u>	<u>1,799,829</u>

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

Surplus/(Deficit) after tax	60,022	58,714
<b>Non-cash or operating items</b>		
Depreciation	81,616	78,515
Assets written off	-	-
Donations received in kind	(118,044)	(327,841)
Donations granted in kind	118,044	327,841
Profit on sale of property	-	-
GST on capital assets	-	-
Transfers to reserves	-	-
<b>Changes in assets and liabilities</b>		
Decrease/(increase) in trade and other receivables	100,155	10,825
(Decrease) in appeals payable	(22,369)	(1,035,531)
(Decrease) in trade and other creditors (including deferred income)	(87,514)	293,473
(Decrease)/increase in provisions	15,469	5,320
Net cash flow from operating activities	<u>147,379</u>	<u>(588,684)</u>

## (b) Non-cash financing and investing activities

### *Credit card facility*

Total balance owing as at 30 September 2016 is \$14,614 (2015: \$12,345).

### *Donated goods and services*

During the year, the organisation received donated goods and services to the value of \$118,044 (2015: \$327,841). As these were acquired for no consideration, the goods and services were valued at current replacement cost.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	2016 \$	2015 \$
<b>5 TRADE AND OTHER RECEIVABLES</b>		
<b>(CURRENT)</b>		
Trade receivables	68,639	52,157
Deposits	1,090	1,090
Other receivables	44,206	97,244
Accrued income	4,944	91,958
Net GST receivable	180,166	156,751
	299,045	399,200

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

Accrued income is donations promised but not received as at 30 September 2016.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	2016 \$	2015 \$
<b>6 NON-CURRENT ASSETS</b>		
<b>6a PROPERTY, PLANT AND EQUIPMENT</b>		
	<b>2016</b> \$	<b>2015</b> \$
Land	1,014,933	1,014,933
Buildings – at cost	1,627,665	1,627,665
Accumulated depreciation	(238,724)	(198,033)
	<u>1,388,941</u>	<u>1,429,632</u>
Plant & Equipment	290,195	284,265
Accumulated depreciation	(265,662)	(255,033)
	<u>24,533</u>	<u>29,232</u>
Motor Vehicles	160,152	125,657
Accumulated depreciation	(50,441)	(78,628)
	<u>109,711</u>	<u>47,029</u>
Furniture & Fittings	102,772	102,772
Accumulated depreciation	(48,960)	(38,683)
	<u>53,812</u>	<u>64,089</u>
Sunshine Coach	757,464	757,464
Accumulated depreciation	(584,842)	(553,872)
	<u>172,622</u>	<u>203,592</u>
Total	<u>2,764,552</u>	<u>2,788,507</u>
<b>6b OTHER LONG TERM INVESTMENTS</b>		
Equity in Variety Australia	<u>23,520</u>	<u>23,520</u>
<b>6c MANAGED INVESTMENT</b>		
In line with the board strategic plan to diversify income streams to support the sustainability of the charity, during the year ended 30 September, 2016 the board resolved to establish a foundation. JB Were was selected as the preferred fund manager, and a managed investment account was opened. As at 30 September, 2016 the balance of that account was as follows.		
Cash	6,954	-
Equities	73,046	-
	<u>80,000</u>	<u>-</u>

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### RECONCILIATION

	Land	Building	Plant & Equipment	Motor Vehicles	Furniture & Fittings	Sunshine Coach	Total
<b>Cost</b>							
Opening balance as at 1 October 2014	1,014,933	1,627,665	283,385	125,657	102,206	757,464	3,911,310
Additions	-	-	880	-	566	-	1,446
Disposals	-	-	-	-	-	-	-
Ending balance as at 30 September 2015	1,014,933	1,627,665	284,265	125,657	102,772	757,464	3,912,756
<b>Accumulated depreciation</b>							
Opening balance as at 1 October 2014	-	(157,341)	(241,800)	(64,277)	(28,443)	(522,902)	(1,014,763)
Depreciation	-	(40,692)	(13,233)	(14,351)	(10,240)	(30,970)	(109,486)
Disposals	-	-	-	-	-	-	-
Ending balance as at 30 September 2015	-	(198,033)	(255,033)	(78,628)	(38,683)	(553,872)	(1,124,249)
<b>Carrying amount</b>	<b>1,014,933</b>	<b>1,429,632</b>	<b>29,232</b>	<b>47,029</b>	<b>64,089</b>	<b>203,592</b>	<b>2,788,507</b>

	Land	Building	Plant & Equipment	Motor Vehicles	Furniture & Fittings	Sunshine Coach	Total
<b>Cost</b>							
Opening balance as at 1 October 2015	1,014,933	1,627,665	284,265	125,657	102,772	757,464	3,912,756
Additions	-	-	5,930	82,700	-	-	88,630
Disposals	-	-	-	(48,205)	-	-	(48,205)
Ending balance as at 30 September 2016	1,014,933	1,627,665	290,195	160,152	102,772	757,464	3,953,181
<b>Accumulated depreciation</b>							
Opening balance as at 1 October 2015	-	(198,033)	(255,033)	(78,628)	(38,683)	(553,872)	(1,124,249)
Depreciation	-	(40,692)	(10,629)	(20,019)	(10,277)	(30,970)	(112,587)
Disposals	-	1	-	48,206	-	-	48,207
Ending balance as at 30 September 2016	-	(238,724)	(265,662)	(50,441)	(48,960)	(584,842)	(1,188,629)
<b>Carrying amount</b>	<b>1,014,933</b>	<b>1,388,941</b>	<b>24,533</b>	<b>109,711</b>	<b>53,812</b>	<b>172,622</b>	<b>2,764,552</b>

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

		2016 \$	2015 \$
<b>7</b>	<b>PAYABLES (CURRENT)</b>		
Trade payables	(i)	102,956	173,393
Other payables and accruals	(ii)	217,881	234,958
		<u>320,837</u>	<u>408,351</u>
Grants payable	(iii)	406,091	428,460

- (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) Grants payable treatment is described fully in note 1(k).

### Liquidity risk

Liquidity risk is the risk that Variety WA will not be able to meet its financial obligations as they fall due. Variety WA'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 the charity'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 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.

### 8 PROVISIONS

Annual leave brought forward		64,189	64,767
Amounts accrued during the year		(786)	(578)
Annual leave carried forward		<u>63,403</u>	<u>64,189</u>
Long service leave brought forward		57,822	51,924
Amounts accrued during the year		16,255	5,898
Long service leave carried forward		<u>74,077</u>	<u>57,822</u>
Total provisions		<u>137,480</u>	<u>122,011</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 2016

### 9 RESERVES

(a) Retained earnings 2016 2015

\$ \$

Movements in retained earnings were as follows:

Beginning of financial year	3,063,734	3,005,020
Total comprehensive income for the year	60,022	58,714
Movement in reserves	-	-
End of financial year	3,123,756	3,063,734

### (b) Reserves

Movements in reserves were as follows:

Beginning of financial year	988,470	1,019,470
Movement in the year	(30,970)	(30,970)
End of financial year	957,530	988,500

(i) The reserves of \$232,038 (2015:\$263,008) relates to the Sunshine coach grants. Refer to note 1 (k).

(ii) The reserve of \$300,000 (2015: \$300,000) 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.

(iii) The general reserve of \$425,492 (2015: \$425,492) relates to the gain on the sale of the Shepperton Road property.

### 10 COMMITMENTS AND CONTINGENCIES

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

### 11 AUDITORS' REMUNERATION

The auditor of Variety WA is Butler Settineri (Audit) Pty Ltd. Butler Settineri (Audit) Pty Ltd received \$10,750 (2015: \$17,000) excluding GST in respect of audit services provided in the current and prior year. An amount of \$750 (2015: \$750) was paid for non-audit services. Butler Settineri (Audit) Pty Ltd invoiced Variety WA \$11,500 for the 2016 Audit (2015: \$12,500).

### 12 KEY MANAGEMENT PERSONNEL

#### (a) Details of Key Management Personnel (KMP)

##### (i) Executives

Michael Pailthorpe Chief Executive Officer

#### (b) Compensation of Key Management Personnel

A formal meeting is held in November each year 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.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 12 KEY MANAGEMENT PERSONNEL (CONT'D)

#### (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

### 13 RELATED PARTY DISCLOSURE

#### (a) Ultimate parent

Variety WA 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 12.

#### (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	2016	-	17,565	-
	2015	-	30,653	-
Variety Australia Ltd	2016	-	101,286	-
	2015	-	67,281	13,248
Variety NSW	2016	-	3,370	4
	2015	-	-	-
Variety NT	2016	30,000	13,200	-
	2015	-	-	-
Variety QLD	2016	-	6,681	-
	2015	-	-	-
Variety SA	2016	-	-	-
	2015	-	-	-
Variety TAS	2016	422	-	-
	2015	-	-	-
Variety VIC	2016	-	-	-
	2015	-	-	-

##### *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.

### 14 SEGMENT INFORMATION

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

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

### 15 FINANCIAL INSTRUMENTS

Variety WA'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	
	2016 \$	2015 \$	2016 \$	2015 \$
<b>(i) Financial assets</b>				
Cash assets	1,778,577	1,799,829	1,778,577	1,799,829
Trade and other receivables	299,045	399,200	299,045	399,200
<b>Total financial assets</b>	<b>2,077,622</b>	<b>2,199,029</b>	<b>2,077,622</b>	<b>2,199,029</b>
<b>(ii) Financial liabilities</b>				
Trade creditors	102,956	173,394	102,956	173,394
Grants payable	406,091	428,460	406,091	428,460
Other creditors and accruals	355,361	356,968	355,361	356,968
<b>Total financial liabilities</b>	<b>864,408</b>	<b>958,822</b>	<b>864,408</b>	<b>958,822</b>

#### (c) Market risk

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

Variety WA's exposure to the risk of changes in interest rates relates primarily to Variety WA'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
<b>30 September 2016</b>		
Variable rate instruments	18	(18)
<b>30 September 2015</b>		
Variable rate instruments	18	(18)

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

## 16 EVENTS AFTER BALANCE DATE

Since the end of the financial year, the Board of Management have not become aware of any 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, the results of those operations or the state of affairs of Variety WA in subsequent financial years.

## 17 CONTINGENT LIABILITIES

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

## 18 KEY ASSUMPTIONS

### (a) Regarding the future

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

### (b) Regarding the current year

There are no key assumptions regarding the current financial year.

## 19 CAPITAL MANAGEMENT

The primary focus of Variety WA'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.

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

	2016 \$	2015 \$
Cash and cash equivalents	1,778,577	1,799,829
Trade and other receivables	299,045	399,200
Grants payable	(406,091)	(428,460)
Trade and other payables	(320,837)	(408,351)
	<u>1,350,694</u>	<u>1,362,218</u>

## Board of Management's Declaration

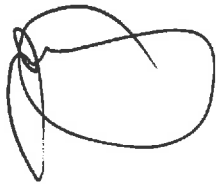
In accordance with a resolution of the Board of Management of Variety WA Incorporated, we state that:

In the opinion of the Board of Management:

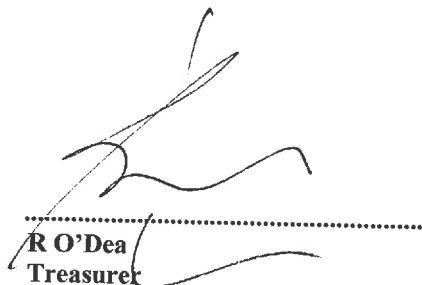
- a) The financial statements and notes of Variety WA Incorporated:  

Presents fairly, Variety WA Incorporated's financial position as at 30 September 2016 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:



.....  
**J Komninos**  
Chief Barker / Chair



.....  
**R O'Dea**  
Treasurer

Perth  
Date: 23<sup>rd</sup> November 2016

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VARIETY WA INCORPORATED

### Report on the Financial Report

We have audited the accompanying financial report of Variety WA Incorporated which comprises the statement of financial position as at 30 September 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and the 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 the Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) 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 and fair presentation of the financial report 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 directors, 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.

## **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 is in accordance with the association's constitution and Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- a) presents fairly the association's financial position as at 30 September 2016 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director

Perth

Date: 23 November 2016