



**Variety WA Incorporated**  
(Formerly Variety Club of Western Australia (Incorporated))  
T/A Variety, The Children's Charity Tent 74  
ABN 14 020 124 537

**Annual Financial Report 30 September 2011**

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## Board of Management

**M. Werrett – Chief Barker (Chairman)**

**D. Tarabini-East – Vice Chairman**

**E Tavani – Immediate Past Chief Barker**

**J. Mancini – Treasurer**

**S. Hunter – Board Member**

**P. McBurney – Board Member**

**R. Craig – Board Member**

**D. Brooker – Board Member**

**E. Briers – Board Member**

**J. Komninos – Board Member**

**A. Begley – Board Member**

## Board of Management Report

The Board of Management of Variety WA Incorporated, which trades as The Children's Charity Tent 74, have pleasure in submitting the following report in respect of the year ended 30 September 2011 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 the Association is 3/63 Shepperton Road, Victoria Park WA 6100.

The entity employed 15 staff & casuals at 30 September 2011 (30 September 2010: 10).

### PRINCIPAL ACTIVITIES

The principal activities of Variety WA Incorporated during the year were to supply material aid to less fortunate children in the community. No changes in the nature of the following activities occurred during the year; granting of individual and group appeals, provision of Variety Sunshine Coaches, Children's Christmas Party and Children's outings.

### OPERATING AND FINANCIAL REVIEW

#### *Operating revenue*

The operating revenue for the year ended 30 September 2011 was \$6,324,774 (30 September 2010: \$5,647,314).

#### *Operating result before appeals granted and program servicing costs*

The operating profit before appeals granted and program servicing costs for the year ended 30 September 2011 was \$3,677,685 (30 September 2010: \$3,178,987).

#### *Operating result before appeals granted*

The operating profit before appeals granted for the year ended 30 September 2011 was \$3,568,765 (30 September 2010: \$3,111,930).

#### *Appeals granted*

Appeals granted to sick, disadvantaged and special needs children for the year ended 30 September 2011 was \$3,084,072 (30 September 2010: \$2,112,471).

#### *Net operating result*

The operating surplus for the year ended 30 September 2011 was \$484,693 (30 September 2010: \$999,459).

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

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

In the opinion of the Board of Management, there were no significant changes in the state of affairs of the Association, which occurred during the financial year, not otherwise disclosed in this Annual Financial Report.

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

Since the end of the financial year, the Members 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 the Association, the results of those operations or the state of affairs of the Association in subsequent financial years, except for the following:

Variety WA has made an unconditional offer to purchase a property in Burswood. The offer has been accepted and settlement will be in December 2011. This property will accommodate the recent and future growth of the organisation. The current property in Victoria Park has been placed on the market for sale.

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

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

### **ENVIRONMENTAL REGULATION AND PERFORMANCE**

The Association is not subject to any particular or significant environmental regulation.

### **BOARD OF MANAGEMENT BENEFITS**

No Board of Management member of the Association has, since the end of the previous financial year, received or become entitled to receive a benefit by reason of a contract made by the Association with the 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**

Directors and officers indemnity insurance was purchased during the year and covers the Directors and officers up to a maximum of \$5,000,000. The premium paid for the insurance was \$1,245.42 (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
M Werrett (Chief Barker)	12	12
D Tarabini-East (Vice Chairman)	12	12
J Mancini (Treasurer)	10	12
E Tavani	12	12
R Craig	11	12
S Hunter	11	12
D Brooker	10	12
E Briers	10	10
P McBurney	10	12
A Begley	7	10
C Gemmill	2	8
J Komninos	3	3
R Reid	2	2
W Gregson	2	2

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

Chief Barker



.....  
M. Werrett

Date

22 November 2011

## Statement of Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2011	Notes	2011	2010
		\$	\$
Fund raising income	4	6,186,205	5,568,161
Other income	4	138,569	79,153
<b>Total Revenues</b>		<b>6,324,774</b>	<b>5,647,314</b>
Support salaries & related costs		152,942	123,360
Fundraising & event costs	4	2,215,070	2,116,031
Depreciation	5	57,726	47,820
Other expenses		221,351	181,117
<b>Total Expenses</b>		<b>2,647,089</b>	<b>2,468,328</b>
<b>Net surplus before appeals granted and program servicing costs</b>		<b>3,677,685</b>	<b>3,178,986</b>
Program servicing costs		108,920	67,056
<b>Net surplus before appeals granted</b>		<b>3,568,765</b>	<b>3,111,930</b>
Appeals granted	4	3,084,072	2,112,471
<b>Surplus before tax</b>		<b>484,693</b>	<b>999,459</b>
Income tax expense		-	-
<b>Surplus after tax</b>	4	<b>484,693</b>	<b>999,459</b>
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>484,693</b>	<b>999,459</b>

The accompanying notes form part of these financial statements.

## Statement of Financial Position

AS AT 30 SEPTEMBER 2011	Notes	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	2,920,559	1,781,403
Trade and other receivables	7	2,584,264	2,106,656
Inventories	8	12,391	5,677
Non-current assets held for sale	9	398,330	-
<b>Total Current Assets</b>		<b>5,915,544</b>	<b>3,893,736</b>
<b>Non-current Assets</b>			
Property, plant and equipment	9	331,964	833,713
<b>Total Non-current Assets</b>		<b>331,964</b>	<b>833,713</b>
<b>TOTAL ASSETS</b>		<b>6,247,508</b>	<b>4,727,449</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Appeals payable	10	2,568,028	1,785,461
Trade and other payables	10	101,923	136,234
Borrowings	11	-	7,733
Provisions	12	49,586	43,877
Deferred income	13	381,345	92,211
<b>Total Current Liabilities</b>		<b>3,100,882</b>	<b>2,065,516</b>
<b>Total Non-current Liabilities</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>3,100,882</b>	<b>2,065,516</b>
<b>NET ASSETS</b>		<b>3,146,626</b>	<b>2,661,933</b>
<b>EQUITY</b>			
Retained earnings	14(a)	2,996,626	2,511,933
Reserves	14(b)	150,000	150,000
<b>TOTAL EQUITY</b>		<b>3,146,626</b>	<b>2,661,933</b>

The accompanying notes form part of these financial statements.



## Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	<b>Retained earnings</b>	<b>Reserves</b>	<b>Total Equity</b>
	\$	\$	\$
<b>At 1 October 2009</b>	<b>1,512,474</b>	<b>150,000</b>	<b>1,662,474</b>
Total comprehensive income for the year	999,459	-	999,459
<b>At 30 September 2010</b>	<b>2,511,933</b>	<b>150,000</b>	<b>2,661,933</b>
Total comprehensive income for the year	484,693	-	484,693
<b>At 30 September 2011</b>	<b>2,996,626</b>	<b>150,000</b>	<b>3,146,626</b>

The accompanying notes form part of these financial statements.

## Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2011	Notes	2011 \$	2010 \$
<b>Cash flows from operating activities</b>			
Receipts from donors, sponsors, members and functions		5,289,722	3,132,484
Payments to suppliers and employees		(2,087,644)	(1,551,898)
Interest received		131,881	79,153
Grants paid		(2,013,438)	(1,546,198)
<b>Net cash flows from operating activities</b>	6 (a)	<u>1,320,521</u>	<u>113,541</u>
<b>Cash flows used in investing activities</b>			
Proceeds from sales of fixed assets		6,688	7,000
Purchase of property, plant and equipment		(188,053)	(381,200)
<b>Net cash flows (used in) / from investing activities</b>		<u>(181,365)</u>	<u>(374,200)</u>
<b>Cash flows from financing activities</b>			
Receipt of reserve funds		-	-
<b>Net cash flow from financing activities</b>		<u>-</u>	<u>-</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		1,139,156	(260,659)
Cash and cash equivalents at beginning of year		<u>1,781,403</u>	<u>2,042,062</u>
<b>Cash and cash equivalents at end of year</b>	6	<u><u>2,920,559</u></u>	<u><u>1,781,403</u></u>

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2011

### 1. ASSOCIATION INFORMATION

The financial report of Variety WA Incorporated for the year ended 30 September 2011 was authorised for issue in accordance with a resolution of the Board of Management Members on 22 November 2011.

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

The Association is incorporated and domiciled in Australia. The registered office, which is the principal place of business, is located at 3/63 Shepperton Road, Victoria Park WA 6100.

In the event of the Association being wound up, member's liability is limited to an amount of \$NIL. If the Association 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 the Association are described in the Board of Management report.

All amounts are stated in Australian dollars.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance applicable 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 23, 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.

#### (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 therefore are not yet required to be adopted. These new or amended standards have not been adopted by Variety WA Incorporated for the annual reporting period ended 30 September 2011. The Board of Management have not early adopted any of these new or amended standards. The Board of Management reviewed the impact of these standards on the Association and concluded that the impact on future years will be insignificant.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

### 2. 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. No depreciation is applied to buildings as a reliable split between land and buildings could not be obtained and property situated in the area is constantly appreciating.

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

Computer equipment – over 3 years

Plant and equipment – over 5 years

Motor vehicles – over 3 - 5 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 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Leases

Finance leases, which transfer to the Association 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 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 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 the Association 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. The Association 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 the Association 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 2011

### 2. 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 the Association 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, the Association assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Association 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 2011

### 2. 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 the Association prior to the end of the financial year that are unpaid and arise when the Association becomes obliged to make future payments in respect of the purchase of these goods and services.

#### (k) Appeals payable

Appeals 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.

#### (l) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Borrowings are classified as current liabilities unless the Association has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

#### (m) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that they are capitalised.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

#### (n) Provisions

Provisions are recognised when the Association 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.

#### (o) Employee leave benefits

Provision is made for the Association'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.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (p) Income tax

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

#### (q) 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.

#### (r) Revenue

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

##### *Events Revenue*

In some cases, revenue is received in respect of an event that falls into the following financial year. In such cases, the revenue (and any associated costs) is deferred and recognised as deferred income.

##### *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 the Association received an enforceable right to collect the pledge when it falls due.



## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Association does not hold any complex financial instruments or any derivative financial instruments.

It is the Association'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 the Association'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.

#### *Market Risk*

Refer to note 20(c) to the financial statements.

#### *Credit risk*

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

It is the Association'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 the Association's exposure to bad debts is not significant.

The Association 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 the Association at the balance date is \$5,504,823. 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 (2010: \$NIL) provision is held to cover any potential bad debts that may arise

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

#### *Liquidity Risk*

Refer note 10 to the financial statements.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

### 4. 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:

	2011 Total Income	2011 Direct Expenses	2011 Net Income	2010 Net Income
	\$	\$	\$	\$
<b>Fundraising information</b>				
Bash	1,436,225	584,357	851,868	883,508
4WD	473,080	246,810	226,270	235,022
Car Cruise	98,101	44,985	53,116	-
Bike Run	345,537	278,519	67,018	83,580
Corporate - Cash	1,240,101	90,637	1,149,464	148,550
Corporate - Gift in Kind *	164,145	138,967	25,178	8,660
Third Party events	640,070	296,821	343,249	183,722
Toy Bank	37,859	12,748	25,111	10,975
Appealathon	1,066,000	8,995	1,057,005	1,796,033
Appealathon – GIK *	30,196	30,196	-	-
Marketing - Cash	186,493	113,607	72,886	22,658
Marketing - Gift in Kind *	275,597	272,062	3,535	-
Community Fundraising	100,744	3,366	97,378	13,905
Regions	92,057	93,000	(943)	65,483
<b>Total contribution from events</b>	<b>6,186,205</b>	<b>2,215,070</b>	<b>3,971,135</b>	<b>3,452,096</b>
Interest received			112,701	63,508
Other income			25,868	15,678
Administration costs			(432,019)	(352,296)
<b>Surplus before grants and program servicing costs</b>			<b>3,677,685</b>	<b>3,178,986</b>
Program servicing costs			(108,920)	(67,056)
<b>Surplus before grants</b>			<b>3,568,765</b>	<b>3,111,930</b>
Grants expense			(3,084,072)	(2,112,471)
<b>Surplus before income tax</b>			<b>484,693</b>	<b>999,459</b>

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 \$987,058 (2010: \$838,930) and goods and services in kind expended of \$932,739 (2010: \$819,028). Others are included in the relevant expense or revenue category.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	2011 \$	2010 \$
<b>5. EXPENSES</b>		
Operating surplus is stated after charging the following items:		
Depreciation: Plant and equipment	33,099	28,940
Depreciation: Building improvements	2,790	954
Depreciation: Motor vehicles	21,837	17,926
Depreciation: Sunshine coaches	151,471	82,277
Total depreciation	209,197	130,097
Depreciation expensed as Appeals granted	(151,471)	(82,277)
Depreciation expense	57,726	47,820

### 6. 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	400	400
Cash at bank	2,768,039	1,714,539
Bank deposits	152,120	156,464
	2,920,559	1,781,403

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 after tax	484,693	999,459
<b>Non-cash or operating items</b>		
Depreciation	209,197	130,097
Donations received in kind	(987,058)	(838,930)
Donations granted in kind	932,739	819,028
Profit on sale of fixed assets	(6,688)	(7,000)
<b>Changes in assets and liabilities</b>		
(Increase) in trade and other receivables	(477,610)	(1,646,202)
(Increase)/decrease in inventory	(6,714)	1,958
Increase in trade and other creditors (including deferred income)	1,172,941	637,076
Increase in provisions	5,709	18,054
Net cash flow from operating activities	1,327,209	113,540

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	2011	2010
	\$	\$

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

#### *Credit card facility*

At balance date, the ANZ provided the organisation with a business credit card facility with a limit of \$nil (2010: \$14,000).

#### *Donated goods and services*

During the year, the organisation received donated goods and services to the value of \$987,058 (2010: \$838,930). As these were acquired for no consideration, the goods and services were valued at current replacement cost.

## 7. TRADE AND OTHER RECEIVABLES

### (CURRENT)

Trade receivables	110,612	181,749
Prepayments	290,579	27,590
Other receivables	201,795	311,439
Accrued income	1,981,278	1,585,878
	2,584,264	2,106,656

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 2011.

## 8. INVENTORIES

Merchandise (at cost)	12,391	-
Auction items	-	5,677
	12,391	5,677

### Inventory expense

Inventory write-downs recognised as an expense totalled \$NIL (2010: \$NIL) for the Association.

Accrued income is donations promised but not received as at 30 September 2011.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	2011	2010
	\$	\$
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>		
<i>Land &amp; buildings</i>		
Cost	-	315,121
Accumulated depreciation and impairment	-	-
Net carrying amount	-	315,121
<i>Buildings improvements</i>		
Cost	-	39,943
Accumulated depreciation and impairment	-	(1,304)
Net carrying amount	-	38,639
<i>Plant and Equipment</i>		
Cost	211,693	162,479
Accumulated depreciation and impairment	(154,009)	(120,910)
Net carrying amount	57,684	41,569
<i>Motor vehicles</i>		
Cost	110,448	109,186
Accumulated depreciation and impairment	(51,174)	(29,337)
Net carrying amount	59,274	79,849
<i>Sunshine Coaches</i>		
Cost	514,726	507,403
Accumulated depreciation and impairment	(299,720)	(148,868)
Net carrying amount	215,006	358,535
<b>Total property, plant and equipment</b>		
Cost	836,867	1,134,132
Accumulated depreciation, amortisation and impairment	(504,903)	(300,419)
Net carrying amount	331,964	833,713

During the year the Board of Management has made the decision to sell the Land and Buildings situated at 3/63 Shepperton Road, Victoria Park WA.

In accordance with Australian Accounting Standard AASB5 *Non-current Assets Held for Sale and Discontinued Operations*, the carrying value of this property has been reclassified as “Non-current assets held for sale”, and is disclosed in the Statement of Financial Position as a current asset, as follows:

Non-current asset held for sale	398,330	-
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## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	2011 \$	2010 \$
<b>Reconciliations</b>		
<i>Land &amp; buildings</i>		
Carrying amount at beginning	315,121	315,121
Additions	-	-
Transfers to Non-current assets held for sale	(315,121)	-
Depreciation and impairment charge for the year	-	-
Net carrying amount	-	315,121
<i>Buildings improvements</i>		
Carrying amount at beginning	38,639	4,900
Additions	47,360	34,693
Transfers to Non-current assets held for sale	(83,209)	-
Depreciation and impairment charge for the year	(2,790)	(954)
Net carrying amount	-	38,639
<i>Plant and Equipment</i>		
Carrying amount at beginning of period	41,569	59,149
Additions	49,214	11,360
Disposals	-	-
Depreciation and impairment charge for the year	(33,099)	(28,940)
Net carrying amount	57,684	41,569
<i>Motor vehicles</i>		
Carrying amount at beginning of the year	79,849	203,439
Additions	1,262	188,531
Transfers	-	(294,195)
Disposals	-	-
Depreciation and impairment charge for the year	(21,837)	(17,926)
Net carrying amount	59,274	79,849
<i>Sunshine Coaches</i>		
Carrying amount at beginning of the year	358,535	-
Additions	7,942	146,617
Transfers	-	294,195
Disposals	-	-
Depreciation and impairment charge for the year	(151,471)	(82,277)
Net carrying amount	215,006	358,535
<b>Total property, plant and equipment</b>		
Carrying amount at beginning of the year	833,713	582,609
Additions	105,778	381,201
Disposals	-	-
Transfers to Non-current assets held for sale	(398,330)	-
Depreciation, amortisation and impairment charge for the year	(209,197)	(130,097)
<b>Net carrying amount</b>	<b>331,964</b>	<b>833,713</b>

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

		2011 \$	2010 \$
<b>10. PAYABLES (CURRENT)</b>			
Trade payables	(i)	65,238	116,233
Other payables and accruals	(ii)	36,685	20,001
		<u>101,923</u>	<u>136,234</u>
Appeals payable		<u>2,568,028</u>	<u>1,785,461</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.

### Liquidity risk

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

### 11. INTEREST-BEARING LOANS AND BORROWINGS

#### Current

Obligations under finance leases and hire purchase contracts (note 15)

-	<u>7,733</u>
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#### Financing facilities available

At reporting date, the following bank financing facilities had been negotiated and were available:

Total facilities  
- bank overdraft  
- credit card

-	-
-	14,000
<u>-</u>	<u>14,000</u>

Facilities used at balance date  
- bank overdraft  
- credit card

-	-
-	7,733
<u>-</u>	<u>7,733</u>

Facilities unused at balance date  
- bank overdraft  
- credit card

-	-
-	6,267
<u>-</u>	<u>6,267</u>

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	2011	2010
	\$	\$
Total facilities		
Facilities used at reporting date	-	7,733
Facilities unused at reporting date	-	6,267
	<u>-</u>	<u>14,000</u>

### *Finance lease and hire purchase contracts*

The Association has no finance leases or hire purchase contracts.

## 12. PROVISIONS

Annual leave brought forward	43,877	25,824
Amounts accrued/(used) in year	5,709	18,053
Annual leave carried forward	<u>49,586</u>	<u>43,877</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 anyone was entitled to it.

## 13. DEFERRED INCOME

Deferred income relates to donations received in the year that relate to events occurring in the 2010/2011 financial year and amount to \$381,345 (2010: \$92,211)

## 14. RESERVES

### (a) Retained earnings

Movements in retained earnings were as follows:

Beginning of financial year	2,511,933	1,512,474
Net surplus for the year	484,693	999,459
End of financial year	<u>2,996,626</u>	<u>2,511,933</u>

### (b) Reserve

The reserve of \$150,000 (2010: \$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.

## 15. COMMITMENTS AND CONTINGENCIES

The Association has no capital or operational commitments in existence at the balance date.

## 16. AUDITORS' REMUNERATION

The auditor of Variety WA Incorporated is Butler Settineri (Audit) Pty Ltd. Butler Settineri (Audit) Pty Ltd received \$12,146 (2010: \$10,840) excluding GST in respect of audit services provided in the year. An amount of \$NIL was paid for non-audit services.



## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	2011	2010
	\$	\$
<b>17. KEY MANAGEMENT PERSONNEL</b>		
<b>(a) Details of Key Management Personnel</b>		
<i>(i) Executives</i>		
Michael Pailthorpe	Chief Executive Officer	
Peter O'Sullivan	Chief Operations Officer	

### **(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 Key Management Personnel (KMP) and their related parties**

#### *Sales and Purchases*

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

## **18. RELATED PARTY DISCLOSURE**

### **(a) Peak body**

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 17.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

### (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	2011	-	-	-
	2010	2044	63,810	(6,831)
Variety Australia Ltd	2011	-	126,970	19,997
	2010	-	-	-
Variety NSW	2011	20,000	2,300	-
	2010	15,633	4,368	-
Variety NT	2011	191	-	-
	2010	3,595	137	-
Variety QLD	2011	-	4,982	(414)
	2010	11,096	-	455
Variety SA	2011	-	8,018	-
	2010	10,656	9,899	-
Variety TAS	2011	-	13,000	-
	2010	1,238	-	-
Variety Victoria	2011	-	-	-
	2010	11,853	75,971	(2,980)

#### *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.

### 19. SEGMENT INFORMATION

The Association operates in predominately one segment and one geographical region fundraising within Western Australia.

### 20. FINANCIAL INSTRUMENTS

The Association'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.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Carrying amount		Fair value	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>(b) Financial Instruments</b>				
<b>(i) Financial assets</b>				
Cash assets	2,920,559	1,781,403	2,920,559	1,781,403
Trade and other receivables	2,584,264	2,079,066	2,584,264	2,079,066
Total financial assets	<u>5,504,823</u>	<u>3,860,469</u>	<u>5,504,823</u>	<u>3,860,469</u>
<b>(ii) Financial liabilities</b>				
Trade creditors	65,238	116,233	65,238	116,233
Appeals payable	2,568,028	1,785,961	2,568,028	1,785,961
Other creditors and accruals	36,685	20,001	36,685	20,001
Total financial liabilities	<u>2,669,951</u>	<u>1,922,195</u>	<u>2,669,951</u>	<u>1,922,195</u>

### (c) Market risk

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

The Association's exposure to the risk of changes in interest rates relates primarily to the Association'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 June 2011</b>		
Variable rate instruments	<u>29</u>	<u>(29)</u>
<b>30 June 2010</b>		
Variable rate instruments	<u>18</u>	<u>(18)</u>

### 21. EVENTS AFTER BALANCE DATE

Since the end of the financial year, the Members 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 the Association, the results of those operations or the state of affairs of the Association in subsequent financial years, except for the following:

Variety WA has made an unconditional offer to purchase a property in Burswood. The offer has been accepted and settlement will be in December 2011. This property will accommodate the recent and future growth of the organisation. The current property in Victoria Park has been placed on the market for sale.

## Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

### 22. CONTINGENT LIABILITIES

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

### 23. 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.

### 24. CAPITAL MANAGEMENT

The primary focus of the Association's capital management policy is to ensure adequate working capital to the 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.

The Association's working capital as at the balance date was:

	2011	2010
	\$	\$
Cash and cash equivalents	2,920,559	1,781,403
Trade and other receivables	2,584,264	2,106,656
Appeals payable	(2,568,028)	(1,785,961)
Trade and other payables	(101,923)	(136,234)
Borrowings	-	(7,733)
	<u>2,834,872</u>	<u>1,958,131</u>

## Board of Management 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 the Association:
  1. Presents fairly, the Association's financial position as at 30 September 2011 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
  2. Comply with applicable Australian Accounting Standards.
- b) There are reasonable grounds to believe the Association 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 and its regulations and the conditions attached to the Authority to conduct fundraising have been complied with.
- d) The internal controls exercised by the Association 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:



M. Werrett  
Chief Barker

Perth  
Date: 22 November 2011

## **Independent Audit Report**



## **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 2011 and of 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', written in a cursive style.

MARIUS VAN DER MERWE  
Director

Perth

Date: 25 November 2011