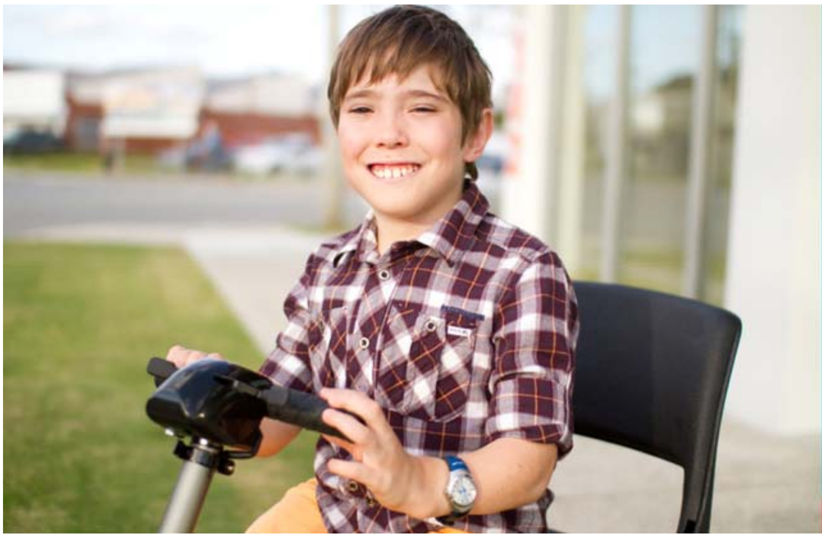

Variety WA Incorporated
T/A Variety WA - the Children's Charity (Tent 74)

ABN 14 020 124 537

Annual Financial Report
For the year ending 30 September 2012

Contents to Annual Financial Report

Board of Management

J. Mancini – Chair/Chief Barker

E.Briers – Vice Chair

J. Komninos – Treasurer

A. Begley – Board Member

D. Brooker – Board Member

G. Bylund – Board Member

W. Carroll – Board Member

C. Gemmill – Board Member

B. Heatley – Board Member

S. Hunter – Board Member

P. McBurney – Board Member

R. O'Dea – Board Member

Board of Management Report

The Board of Management of Variety WA Incorporated, which trades as Variety WA Incorporated, have pleasure in submitting the following report in respect of the year ended 30 September 2012 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 Rules of Association 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 102 Burswood Road, Burswood WA 6100.

The entity employed 16 staff as at 30 September 2012, (30 September 2011: 15).

PRINCIPAL ACTIVITIES

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

OPERATING AND FINANCIAL REVIEW

Operating revenue
The operating revenue for the year ended 30 September 2012 was $8,899,768 (30 September 2011: $6,324,774).

Operating result before grants and programs
The operating profit before grants and programs approved for the year ended 30 September 2012 was $5,224,050 (30 September 2011: $3,677,685).

Grants and programs
Grants provided directly to disadvantaged and special needs children for the year ended 30 September 2012 were $2,956,475 (30 September 2011: $3,084,072). When combined with the running costs of the programs the total cost of grants and programs was $3,180,522 (30 September 2011: $3,192,922).

Net operating result
The operating surplus for the year ended 30 September 2012 was $2,043,528 (30 September 2011: $484,693).

Board of Management Report (continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the previous financial year Desmar Holdings Pty Ltd built and sold a commercial property netting $1,000,000, which was given to Variety WA Incorporated. There was not an equivalent transaction in the current financial year.

Variety WA acquired a new building (office and warehouse) in December 2011 for $1,850,000. Variety WA then proceeded to upgrade the buildings at a cost of $901,000. Variety WA took possession of the property in May 2012. The building was officially opened by the WA Premier on 26th June 2012.

Lotterywest provided a grant of $1,200,000 to assist with the purchase of the above property.

Variety WA received $210,000 from supporters to assist with the construction of the new property. Desmar Holdings Pty Ltd also agreed to channel $250,000 of the $1,000,000 received in the previous year towards the new building.

Variety WA purchased land from LandCorp and constructed a house in Port Hedland. This project was instigated and run by the Pilbara Regional Committee. This property sold at auction in early August for $1,540,000. After allowing for the costs of land and construction, the proceeds from the sale of this property were $730,000. As agreed with the Pilbara Regional Committee these proceeds were split as 3 x $200,000 to each of three Pilbara Bash cars as a contribution towards their fundraising; and $130,000 to the Pilbara regional cost centre.

Amended "Rules of Association" (constitution) were adopted at a special general meeting in August 2012. The new rules reduce the number of Board members elected from the membership from 12 to 9; and allow the Board to co-opt up to 3 Board members. The purpose of the co-opted positions is to allow the Board the flexibility to bring skills, experience or profile that may not be available from the elected Board.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the year which significantly affect, or may significantly affect, the state of affairs or operations of the Association subsequent to the year ended 30 September 2012.

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 Director 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 $536.57 (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 Mancini (Chief Barker/Chair)	10	12
E Briers (Vice Chair)	9	12
J Komninos (Treasurer)	12	12
A Beagley	11	12
D Brooker	11	12
G Bylund	7	10
W Carroll	8	10
C Gemmill	5	10
B Heatley	9	10
S Hunter	10	12
P McBurney	9	12
R O'Dea	10	10
M Werrett (Former Chief Barker, retired Nov 2011)	2	2
D Tarabini East (Former Vice Chair, retired Nov 2011)	2	2
R Craig (Retired Nov 2011)	2	2

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

John Mancini

J Mancini
Chief Barker/Chair

J Komninos
Treasurer

Date: 20 November 2012

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2012	Notes	2012 $	2011 $
Fund raising income	2	7,534,106	6,186,205
Other income	2	1,365,662	138,569
Total revenues		8,899,768	6,324,774
Support salaries & related costs		(206,078)	(152,942)
Fundraising & event costs	2	(3,017,903)	(2,215,070)
Depreciation	3	(102,679)	(57,726)
Other expenses		(349,058)	(221,351)
Total expenses		(3,675,718)	(2,647,089)
Net surplus before grants and programs		5,224,050	3,677,685
Grants and programs			
Grants approved	2	(2,956,475)	(3,084,072)
Program delivery costs	2	(224,047)	(108,920)
Total grants and programs		(3,180,522)	(3,192,992)
Surplus before tax		2,043,528	484,693
Income tax expense		-	-
Surplus after tax	2	2,043,528	484,693
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income for the year		2,043,528	484,693

The accompanying notes form part of these financial statements.

Statement of Financial Position

AS AT 30 SEPTEMBER 2012	Notes	2012 $	2011 $
ASSETS			
Current assets			
Cash and cash equivalents	4	4,328,370	2,920,559
Trade and other receivables	5	430,305	2,584,264
Inventories	6	18,820	12,391
Non-current assets held for sale	8	398,330	398,330
Total current assets		5,175,825	5,915,544
Non-current assets			
Property, plant and equipment	7	3,110,052	331,964
Total non-current assets		3,110,052	331,964
TOTAL ASSETS		8,285,877	6,247,508
LIABILITIES			
Current liabilities			
Grants payable	9	2,234,233	2,236,820
Trade and other payables	9	401,072	101,923
Provisions	10	103,435	49,586
Deferred income	11	32,477	381,345
Total current liabilities		2,771,217	2,769,674
Total non-current liabilities		-	-
TOTAL LIABILITIES		2,771,217	2,769,674
NET ASSETS		5,514,660	3,477,834
EQUITY			
Retained earnings	12(a)	5,040,154	2,996,626
Reserves	12(b)	474,506	481,208
TOTAL EQUITY		5,514,660	3,477,834

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2012

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

The accompanying notes form part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2012	Notes	2012 $	2011 $
Cash flows from operating activities			
Receipts from donors, sponsors, members and functions		8,929,127	5,289,722
Payments to suppliers and employees		(1,785,503)	(2,087,644)
Interest received		65,564	131,881
Grants paid		(2,953,888)	(2,013,438)
Net cash flows from operating activities	4 (a)	4,255,300	1,320,521
Cash flows used in investing activities			
Proceeds from sales of fixed assets		196,772	6,688
Purchase of property, plant and equipment		(3,044,261)	(188,053)
Net cash flows used in investing activities		(2,847,489)	(181,365)
Net cash flow used in financing activities		-	-
Net / increase in cash and cash equivalents		1,407,811	1,139,156
Cash and cash equivalents at beginning of year		2,920,559	1,781,403
Cash and cash equivalents at end of year	4	4,328,370	2,920,559

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Variety WA Incorporated for the year ended 30 September 2012 was authorised for issue in accordance with a resolution of the Board of Management on 20 November 2012.

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 102 Burswood Road, Burswood 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.

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

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

(b) Statement of compliance

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

Certain Australian Accounting Standards have recently been issued or amended but are not yet effective and have not been adopted by the Variety WA Incorporated for the annual reporting period ended 30 September 2012. The Board of Management Members 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 2012

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

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 2012

NOTE 1 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 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investments and other financial assets (continued)

(ii) Held-to-maturity assets

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when 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 proceeding 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 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to 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) Grants payable

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

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

(l) 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.

(m) 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.

(n) Income tax

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

(o) Other taxes

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

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

- receivables and payables are stated with the amount of GST included.

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Other taxes (Cont'd)

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

(p) Revenue

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

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

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

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

Donated Goods
Goods are donated to be sold at auctions, or to be used in events or functions. In both cases, they are recognised as revenue at their replacement cost, and expensed when the goods are sold, or otherwise used.

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

Pledges (revenue) received
Pledges are recognised as revenue once the Association received an enforceable right to collect the pledge when it falls due.

(q) 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

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 18(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 $4,726,607. 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 (2011: $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 9 to the financial statements.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

2 FUND RAISING INFORMATION AND ADMINISTRATION COSTS

Additional information to be furnished under the Charitable Collections Act 1946.
Details of aggregate income and expenditure of fundraising are as follows:

	2012 Total Income $	2012 Direct Expenses $	2012 Net Income $	2011 Net Income $
Fundraising information				
Bash	2,082,689	(599,337)	1,483,352	851,868
4WD	777,588	(382,918)	394,670	226,270
Car cruise	198,159	(162,860)	35,299	53,116
Bike run	146,331	(40,175)	106,156	67,018
Corporate – Cash	627,036	(319,609)	307,427	1,149,464
Corporate – Gifts in kind*	-	-	-	25,178
Third party events	254,721	(113,706)	141,015	343,249
Toy bank	56,588	(31,465)	25,123	25,111
Appealathon	1,992,500	(20,709)	1,971,791	1,057,005
Appealathon – Gifts in kind*	38,860	(38,860)	-	-
Marketing	46,347	(197,749)	(151,402)	72,886
Marketing – Gifts in kind*	339,712	(335,037)	4,675	3,535
Community fundraising	591,524	(498,213)	93,311	97,378
Regions	382,051	(277,265)	104,786	(943)
Total contribution from events	7,534,106	(3,017,903)	4,516,203	3,971,135
Interest received			65,564	112,701
Other income			1,300,098	25,868
Administration costs			(657,815)	(432,019)
Surplus before grants and programs			5,224,050	3,677,685
Grants expense			(2,956,475)	(3,084,072)
Program delivery costs			(224,047)	(108,920)
Total grants and programs			(3,180,522)	(3,192,992)
Surplus before income tax			2,043,528	484,693

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 $1,190,027 (2011: $987,058) and goods and services in kind expended of $1,190,027 (2011: $987,058). Others are included in the relevant expense or revenue category.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

	2012 $	2011 $
3 EXPENSES		
Operating surplus is stated after charging the following items:		
Depreciation: Plant and equipment	46,652	33,099
Depreciation: Furniture & fittings	8,002	2,790
Depreciation: Motor vehicles	20,897	21,837
Depreciation: Sunshine coaches	113,781	151,471
Depreciation: Buildings	27,128	-
Total depreciation	216,460	209,197
Depreciation expensed as grants approved	(113,781)	(151,471)
Depreciation expense	102,679	57,726

4 CASH AND CASH EQUIVALENTS

Reconciliation to the Statement of Cash Flows

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

	2012 $	2011 $
Cash in hand	1,100	400
Cash at bank	4,175,120	2,768,039
Bank deposits	152,120	152,120
	4,328,370	2,920,559

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

	2012 $	2011 $
Surplus after tax	2,072,887	484,693
Non-cash or operating items		
Depreciation	216,460	209,197
Donations received in kind	(1,190,027)	(987,058)
Donations granted in kind	1,152,505	932,739
Profit on sale of fixed assets	(153,761)	
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	2,156,668	(477,610)
(Increase)/decrease in inventory	(6,430)	(6,714)
(Decrease)/increase in grants payable	(2,587)	1,528,653
(Decrease)/increase in trade and other creditors (including deferred income)	(44,264)	(369,088)
(Decrease)/increase in provisions	53,849	5,709
Net cash flow from operating activities	4,255,300	1,320,521

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

4 CASH AND CASH EQUIVALENTS (CONT'D)

	2012 $	2011 $

(b) Non-cash financing and investing activities

Credit card facility

At balance date, the Westpac provided the organisation with a business credit card facility with a limit of $20,000 (2011: NIL).

Donated goods and services

During the year, the organisation received donated goods and services to the value of $1,190,027 (2011: $987,058). As these were acquired for no consideration, the goods and services were valued at current replacement cost.

5 TRADE AND OTHER RECEIVABLES

(CURRENT)

	2012 $	2011 $
Trade receivables	92,266	110,612
Prepayments	23,065	290,579
Other receivables	140,153	201,795
Accrued income	2,709	1,981,278
Net GST receivable	172,112	-
	430,305	2,584,264

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 2012.

6 INVENTORIES

	2012 $	2011 $
Merchandise (at cost)	18,820	12,391
	18,820	12,391

Inventory expense

Inventory write-downs recognised as an expense totalled $NIL (2011: $NIL) for the Association.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

7 PROPERTY, PLANT AND EQUIPMENT

	2012 $	2011 $
Land	1,014,933	-
Buildings – at cost	1,627,665	-
Accumulated depreciation	(27,128)	-
	1,600,537	-
Plant & Equipment	250,847	211,693
Accumulated depreciation	(200,661)	(154,009)
	50,186	57,684
Motor Vehicles	117,692	110,448
Accumulated depreciation	(26,426)	(51,174)
	91,266	59,274
Furniture & Fittings	96,029	-
Accumulated depreciation	(8,002)	-
	88,027	-
Sunshine Coach	657,465	514,726
Accumulated depreciation	(392,361)	(299,720)
	265,104	215,006
Total	3,110,052	331,964

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

RECONCILIATION

	Land	Building	Plant & Equipment	Motor Vehicles	Furniture & Fittings	Sunshine Coach	Total
Cost							
Opening balance as at 1 October 2011	-	-	211,693	110,448	-	514,726	836,867
Additions	1,014,933	1,627,665	39,154	69,487	96,029	190,303	3,037,571
Disposals	-	-	-	(62,243)	-	(47,564)	(109,807)
Ending balance as at 30 September 2012	1,014,933	1,627,665	250,847	117,692	96,029	657,465	3,764,630
Accumulated depreciation							
Opening balance as at 1 October 2011	-	-	(154,009)	(51,174)	-	(299,720)	(504,903)
Depreciation	-	(27,128)	(46,652)	(20,897)	(8,002)	(113,781)	(216,460)
Disposals	-	-	-	45,645	-	21,140	66,785
Ending balance as at 30 September 2012	-	(27,128)	(200,661)	(26,426)	(8,002)	(392,361)	(654,578)
Carrying amount	**1,014,933**	**1,600,537**	**50,186**	**91,266**	**88,027**	**265,104**	**3,110,052**

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

8 NON-CURRENT ASSETS HELD FOR SALE

This relates to the property at Unit 3, 63 Shepperton Road, Victoria Park which the Association vacated during the year.

This property remains held for sale due to the level of inactivity in the current property market.

The Board of Management is unable to estimate the fair value of this property reliably and hence the property continues to be recognised at its historical cost.

9 PAYABLES (CURRENT)

		2012 $	2011 $
Trade payables	(i)	316,673	65,238
Other payables and accruals	(ii)	84,399	36,685
		401,072	101,923
Grants payable	(iii)	2,234,233	2,236,820

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

Liquidity risk

Liquidity risk is the risk that 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 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.

10 PROVISIONS

	2012	2011
Annual leave brought forward	49,586	43,877
Amounts accrued during the year	25,482	5,709
Annual leave carried forward	75,068	49,586
Long service leave brought forward	-	-
Amounts accrued during the year	28,367	-
Long service leave carried forward	28,367	-
Total provisions	103,435	49,586

Employee benefits
Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include long service leave if any employee is 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 2012

11 DEFERRED INCOME

Deferred income relates to donations received in the year that relate to events occurring in the 2011/2012 financial year and amount to $32,477 (2011: $381,345)

12 RESERVES

(a) Retained earnings

	2012	2011
	$	$
Movements in retained earnings were as follows:		
Beginning of financial year	2,996,626	2,511,933
Net surplus for the year	2,043,528	484,693
End of financial year	5,040,154	2,996,626

(b) Reserves

		2012	2011
Movements in reserves were as follows:			
Beginning of financial year		481,208	508,535
Movement in the year		(6,702)	(27,327)
End of financial year	(i) (ii)	474,506	481,208

(i) The reserves of $324,506 (2011:$ 331,208) relates to the Sunshine coach grants. Refer to note 1 (k).

(ii) The reserve of $150,000 (2011: $150,000) relates to funds injected into the organisation by the Bendat Family Foundation. The interest earned on these funds must be used for the Brian Treasure Scholarship Fund.

13 COMMITMENTS AND CONTINGENCIES

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

14 AUDITORS' REMUNERATION

The auditor of Variety WA Incorporated is Butler Settineri (Audit) Pty Ltd. Butler Settineri (Audit) Pty Ltd received $10,603 (2011: $12,146) excluding GST in respect of audit services provided in the year. An amount of $NIL was paid for non-audit services.

15 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel (KMP)

(i) Executives

Michael Pailthorpe	Chief Executive Officer
Geoff Garside	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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

15 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

16 RELATED PARTY DISCLOSURE

(a) Ultimate parent

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

(b) Key management personnel

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

(c) Transactions with related parties

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

Related party		**Revenue /(services from) related parties**	**Payments to/(from) related parties**	**Amounts owed (by)/to related parties**
Variety International The Children's Charity	**2012**	**(11,494)**	**-**	**-**
	2011	-	-	-
Variety Australia Ltd	**2012**	**(15,040)**	**113,650**	**15,337**
	2011	-	126,970	19,997
Variety NSW	**2012**	**-**	**2,313**	**(31,005)**
	2011	20,000	2,300	-
Variety NT	**2012**	**-**	**11,807**	**-**
	2011	191	-	-
Variety QLD	**2012**	**455**	**782**	**-**
	2011	-	4,982	(414)
Variety SA	**2012**	**6,992**	**-**	**-**
	2011	-	8,018	-
Variety TAS	**2012**	**127**	**-**	**-**
	2011	-	13,000	-

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.

17 SEGMENT INFORMATION

The Association 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 2012

18 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.

(b) Financial Instruments

	Carrying amount		Fair value	
	2012 $	2011 $	2012 $	2011 $
(i) Financial assets				
Cash assets	4,328,370	2,920,559	4,328,370	2,920,559
Trade and other receivables	430,305	2,584,264	430,305	2,584,264
Total financial assets	4,758,675	5,504,823	4,758,675	5,504,823
(ii) Financial liabilities				
Trade creditors	316,673	65,238	316,673	65,238
Grants payable	2,234,233	2,236,820	2,234,233	2,236,820
Other creditors and accruals	401,072	36,685	401,072	36,685
Total financial liabilities	2,951,978	2,338,743	2,951,978	2,338,743

(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
30 June 2012		
Variable rate instruments	43	(43)
30 June 2011		
Variable rate instruments	29	(29)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2012

19 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.

20 CONTINGENT LIABILITIES

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

21 KEY ASSUMPTIONS

(a) Regarding the future

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

(b) Regarding the current year

There are no key assumptions regarding the current financial year.

22 CAPITAL MANAGEMENT

The primary focus of the Association'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.

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

	2012 $	2011 $
Cash and cash equivalents	4,328,370	2,920,559
Trade and other receivables	430,305	2,584,264
Grants payable	(2,234,233)	(2,236,820)
Trade and other payables	(401,072)	(101,923)
		-
	2,123,370	3,166,080

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 the Association:

Presents fairly, the Association's financial position as at 30 September 2012 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 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 1946 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:

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

Perth
Date: 20 November 2012

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

Report on the Financial Report

We have audited the accompanying financial report of Variety WA Incorporated (Tent 74), which comprises the statement of financial position as at 30 September 2012 and the statement of comprehensive income, statement of changes in equity, 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 Australian Accounting Standards and for such internal control as the Board of Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report which gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board of Management, as well as evaluating the overall presentation of the financial report.

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

Chartered Accountants

BUTLER SETTINERI

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www.butlersettineri.com.au

Butler Settineri
(Audit) Pty Ltd
ACN 112 942 373

Registered Company Auditor
Number 289109

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 2012 and of its performance for the year ended on that date in compliance with Australian Accounting Standards.

BUTLER SETTINERI (AUDIT) PTY LTD

MARIUS VAN DER MERWE CA
Director

Perth
Date: 21 November 2012