



Variety WA Incorporated

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

ABN 14 020 124 537

Annual Financial Report 30 September 2020

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Board of Management

| | Position | Appointed/Resigned |
|--------------------|---------------------|----------------------------|
| Anthony Begley | Chief Barker /Chair | |
| Jay Walter | Deputy Chair | |
| Bradley Dean | Treasurer | |
| Donald Brooker | Board Member | |
| Amanda Prindiville | Board Member | |
| Paul Burgess | Board Member | |
| Lenette Mullen | Board Member | Appointed 25 November 2019 |
| Jenny Rachmat | Board Member | Appointed 25 November 2019 |
| Karen Watts | Board Member | Appointed 25 November 2019 |
| Chris Rimmer | Board Member | Appointed 16 December 2019 |
| Michelle d'Almeida | Board Member | Resigned 25 November 2019 |
| Denise Cheir | Board Member | Resigned 25 November 2019 |
| Rodney O'Dea | Board Member | Resigned 25 November 2019 |
| Cheryl Lockwood | Board Member | Resigned 15 May 2020 |

Board of Management Report

The Board of Management of Variety WA Incorporated (Variety WA), has pleasure in submitting the following report in respect of the year ended 30 September 2020 in accordance with a resolution of Members.

MEMBERS

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

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

DIVIDENDS

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

ASSOCIATION INFORMATION

Variety WA is an Association incorporated in Western Australia under the Associations Incorporation Act 2015 WA.

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

The entity employed 8.7 (FTE) staff at 30 September 2020 (30 September 2019: 9.8 FTE).

PRINCIPAL ACTIVITIES

The principal activities of Variety WA during the year were to supply equipment and resources to children who are sick, disadvantaged and living with a disability in the community. Variety WA achieves this through fundraising and provision of grants to both individuals and organisations. The principal activities have not changed from previous years.

OPERATING AND FINANCIAL REVIEW

Operating revenue

The operating revenue for the year ended 30 September 2020 was \$3,226,880 (30 September 2019: \$2,895,451).

Donations and collections (Charitable revenue)

The revenue from donations and collections (charitable revenue) for the year ended 30 September 2020 was \$1,906,904 (30 September 2019: \$1,388,943). The resulting charitable ratio (divide Grants and programs – Kids support by Donations and collection) for the year ended 30 September 2020 was 41% (30 September 2019: 52%).

Operating result before grants and programs

The operating profit before grants and programs approved for the year ended 30 September 2020 was \$1,405,408 (30 September 2019: \$533,654).

Grants and programs - Kids Support

Grants and programs provided directly to children who are sick, disadvantaged and living with a disability for the year ended 30 September 2020 were \$773,612 (30 September 2019: \$721,454). When combined with the running costs of the programs and subtracting grant write backs, the total cost of grants and programs was \$666,676 (30 September 2019: \$563,976).

Net operating result

The operating surplus for the year ended 30 September 2020 was \$738,732 (30 September 2019: deficit of \$30,322).

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 |
|-------------------------------|--|---|
| Anthony Begley (Chief Barker) | 12 | 13 |
| Jay Walter (Deputy Chair) | 12 | 13 |
| Bradley Dean (Treasurer) | 12 | 13 |
| Donald Brooker | 10 | 13 |
| Paul Burgess | 10 | 13 |
| Amanda Prindiville | 12 | 13 |
| Lenette Mullen | 11 | 11 |
| Jenny Rachmat | 9 | 11 |
| Karen Watts | 10 | 11 |
| Chris Rimmer | 8 | 9 |
| Denise Cheir | 2 | 2 |
| Michelle. d'Almeida | 2 | 2 |
| Rodney O'Dea | 2 | 2 |
| Cheryl Lockwood | 4 | 6 |

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



Anthony Begley
Chief Barker / Chair



Bradley Dean
Treasurer

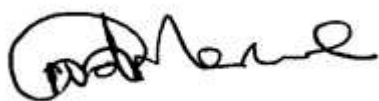
Date: 16 November 2020

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporation Act 2015 (WA), in relation to our audit of the financial report of Variety WA Inc. for the year ended 30 September 2020, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit;
- b) No contraventions of the auditor independence requirements of section 80 the Associations Incorporation Act 2015 (WA) in relation to the audit; and
- c) No contraventions of any applicable code of professional conduct in relation to the audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director

Perth

Date: 16 November 2020

Board of Management Report (continued)

COVID-19

Like many other organisations, Variety WA was impacted by the COVID-19 pandemic. The initial impact meant we had to abandon all of our traditional motor fundraising events, an outcome that had a materially negative impact on our revenue. As a result, the board undertook a reforecast of the 2020 budget and charged our CEO to immediately review expenditure and source alternative revenue streams.

As a result of this approach, Variety WA reduced staffing hours and other costs as we effectively mothballed our operations, however during this time we were able to access JobKeeper payments from the Federal Government. In addition, we applied for and were successful in receiving grants from both Lotterywest and the Bendat Family Foundation.

As the impact of COVID-19 lessened, we were able return to normal operations including being able to plan for a modified motoring event called the Variety Ruby Road Trip which was held in the new financial year, and was a great success for the charity.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no significant change in the state of affairs of the charity during the year ended 30 September 2020.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No other circumstances have arisen since the end of the year which significantly affect, or may significantly affect, the state of affairs or operations of Variety WA subsequent to the year ended 30 September 2020.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

BOARD OF MANAGEMENT BENEFITS

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

INDEMNIFICATION AND INSURANCE OF MEMBERS

Association indemnity insurance was purchased during the year and covers the Board of Management up to a maximum of \$5,000,000 for any one claim and an annual aggregate of \$5,000,000. The premium paid for the insurance was \$1,246.36 (excluding GST).

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2020

| | Notes | 2020 \$ | 2019 \$ |
|--|-------|--------------------|--------------------|
| Revenue | | | |
| Donations and collections | 2 | 1,906,904 | 1,388,943 |
| Event and lottery income | 2 | 948,048 | 1,412,854 |
| Other income | 2 | 371,928 | 93,654 |
| Total revenues | | 3,226,880 | 2,895,451 |
| Expenses | | | |
| Salaries & Wages | | (719,590) | (884,000) |
| Advertising & Promotions | | (144,812) | (204,043) |
| Bank Charges | | (68,866) | (22,487) |
| Depreciation – Fixed Assets | 3 | (103,437) | (107,154) |
| Depreciation – Right of Use | | (1,344) | - |
| Fundraising Costs | | (214,914) | (224,941) |
| Insurance | | (73,962) | (77,665) |
| Motor Vehicle Expenses | | (23,589) | (34,647) |
| Occupancy | | (51,210) | (43,741) |
| Variety Australia & Variety International | | (41,823) | (59,476) |
| Other Expenses | | (377,925) | (703,643) |
| Total expenses | | (1,821,472) | (2,361,797) |
| Net surplus before grants and programs | | 1,405,408 | 533,654 |
| Grants and programs | | | |
| Kids support grants approved | | (646,220) | (546,478) |
| Program costs | | (127,392) | (174,976) |
| Less current years grants written back | | 90,364 | 22,439 |
| Less previous years grants written back | | 16,572 | 135,039 |
| Total grants and programs | | (666,676) | (563,976) |
| Surplus/(Deficit) before tax | | 738,732 | (30,322) |
| Income tax expense | | - | - |
| Surplus/(Deficit) after tax | | 738,732 | (30,322) |
| Other comprehensive income | | | |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 738,732 | (30,322) |

The accompanying notes form part of these financial statements.

Statement of Financial Position

| AS AT 30 SEPTEMBER 2020 | Notes | 2020 \$ | 2019 \$ |
|--------------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 1,885,687 | 781,876 |
| Trade and other receivables | 6 | 305,969 | 202,229 |
| Stock | 7 | 24,347 | 33,725 |
| Total current assets | | 2,216,003 | 1,017,830 |
| Non-current assets | | | |
| Property, plant and equipment | 8a | 2,412,383 | 2,545,173 |
| Equity in Variety Australia | 8b | 23,520 | 23,520 |
| Right of Use Asset | | 4,519 | - |
| Total non-current assets | | 2,440,422 | 2,568,693 |
| TOTAL ASSETS | | 4,656,425 | 3,586,523 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Grants payable | 9 | 155,877 | 66,162 |
| Trade and other payables | 9 | 514,120 | 261,341 |
| Provisions | 10(a) | 87,931 | 82,215 |
| Total current liabilities | | 757,928 | 409,718 |
| Non-Current liabilities | | | |
| LSL Provision (Non-Current) | 10(b) | 46,369 | 37,265 |
| Lease Liability (Non-Current) | | 3,210 | - |
| Total non-current liabilities | | 49,579 | 37,265 |
| TOTAL LIABILITIES | | 807,507 | 446,983 |
| NET ASSETS | | 3,848,918 | 3,139,540 |
| EQUITY | | | |
| Retained earnings | 11(a) | 2,963,653 | 2,224,921 |
| Reserves | 11(b) | 885,265 | 914,619 |
| TOTAL EQUITY | | 3,848,918 | 3,139,540 |

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2020

| | Retained earnings \$ | Reserves \$ | Total Equity \$ |
|---|----------------------------|----------------|-----------------------|
| At 1 October 2018 | 2,305,243 | 895,591 | 3,200,834 |
| Total comprehensive expense for the year | (30,322) | - | (30,322) |
| Movement in sunshine coach grants reserve | - | (30,972) | (30,972) |
| Movement in Bendat Foundation reserve | (50,000) | 50,000 | - |
| At 30 September 2019 | <u>2,224,921</u> | <u>914,619</u> | <u>3,139,540</u> |

FOR THE YEAR ENDED 30 SEPTEMBER 2020

| | Retained earnings \$ | Reserves \$ | Total Equity \$ |
|---|----------------------------|----------------|-----------------------|
| At 1 October 2019 | 2,224,921 | 914,619 | 3,139,540 |
| Total comprehensive income for the year | 738,732 | - | 738,732 |
| Movement in sunshine coach grants reserve | - | (29,354) | (29,354) |
| At 30 September 2020 | <u>2,963,653</u> | <u>885,265</u> | <u>3,848,918</u> |

The accompanying notes form part of these financial statements.

Statement of Cash Flows

| FOR THE YEAR ENDED 30 SEPTEMBER 2020 | Notes | 2020 \$ | 2019 \$ |
|---|--------------|------------------|----------------|
| Cash flows from operating activities | | | |
| Receipts from donors, sponsors, members and fundraising | | 3,109,225 | 2,962,020 |
| Payments to suppliers and employees | | (1,569,759) | (2,161,760) |
| Interest received | | 6,370 | 15,742 |
| Interest paid | | - | (4,494) |
| Grants paid | | (449,570) | (673,564) |
| Net cash flows used in operating activities | 5 (a) | 1,096,266 | 137,944 |
| Cash flows used in investing activities | | | |
| Purchase of managed investment | | - | - |
| Sale of Assets | | 7,545 | - |
| Purchase of assets | | - | (5,667) |
| Net cash flows used in investing activities | | 7,545 | (5,667) |
| Net (decrease) / increase in cash and cash equivalents | | 1,103,811 | 132,277 |
| Cash and cash equivalents at beginning of year | | 781,876 | 649,599 |
| Cash and cash equivalents at end of year | 5 | 1,885,687 | 781,876 |

The accompanying notes form part of these financial statements.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Variety WA Incorporated (Variety WA) for the year ended 30 September 2020 was authorised for issue in accordance with a resolution of the Board of Management Members on 16 November 2020.

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

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

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

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

All amounts are stated in Australian dollars.

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards, the Associations Incorporation Act 2015 WA and the Australian Charities and Not-For-Profits Commission Act 2012.

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 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.

New, revised or amended Accounting Standards and Interpretations adopted

The Association has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current period.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Impact of adoption of the new standards which were mandatory for the 2020 year:

Changes in revenue standards

The Association has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities for the first time in the current year with a date of initial application of 1 October 2019.

The Association has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations.

There was no significant impact on the adoption of AASB 15. There was no impact on opening retained profits as at 1 October 2019.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes to leasing standard

There are three operating leases in place as follows:

- Lease of office and storage at Larkin Street, Geraldton – regarded as a short term lease with the expense of \$10,100 reported as part of occupancy expense
- Lease of a franking machine – regarded as a low value asset with the expense of \$1,956 reported as part of other expenses
- Lease of a photocopier machine – brought to account as a right of use asset and lease liability with an initial value of \$5,868 on commencement on 25 November 2019. The closing value of the asset at 30 September 2020 was \$4,519.

Accounting standards issued but not yet effective and not been adopted early by the Association

| Standard Name | Effective date for entity | Requirements | Impact |
|---|---------------------------|---|--|
| 2018-6: Definition of a Business (Amendments to AASB 3) | 30 Sept 2021 | To clarify whether a transaction should be accounted for as a business combination or as an asset acquisition | We anticipate that the impact will be minimal. |
| 2018-7: Definition of Material (Principal amendments are to AASB 101) | 30 Sept 2021 | To clarify the requirements for the definition of material | We anticipate that the impact will be minimal. |

(c) Property, plant and equipment

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

Land and buildings are measured at cost.

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

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

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

Disposal

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

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

(d) Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

The Association does not have any financial assets categorised as FVOCI and FVTPL.

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Association's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

Impairment of Financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses – the expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Association considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Association makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Association uses its historical experience to calculate the expected credit losses.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Association's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Association's financial liabilities include trade and other payables and resident lease bonds. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Association designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Trade and other payables

Trade payables and other payables are carried at amortised cost 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 to the purchase of these goods and services.

(e) Leases

Finance leases, which transfer to Variety WA substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. For leases with a lease term of more than twelve months, a right of use asset and lease liability is brought to account on the commencement of the lease and then amortised throughout the lease term. Short term leases and leases of low value assets continue to be recognised as an expense in the Statement of Profit or Loss on a straight line basis over the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. For operating leases with a lease term of more than twelve months, a right of use asset and lease liability is brought to account on the commencement of the lease and then amortised throughout the lease term. For short term leases and leases of low value assets, lease payments continue to be recognised as an expense in the statement of profit or loss on a straight line basis over the lease term.

(f) 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Inventories

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

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.

(h) Impairment of assets

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

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

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

(i) Cash and cash equivalents

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

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

(j) Grants payable

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

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

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

(k) Provisions

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

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Employee leave benefits

Provision is made for Variety WA's liability for employee benefits as a result of employees rendering services up to the reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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

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

(m) Income tax

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

(n) 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.

(o) Revenue

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

Donations and collections income

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

Donations and collections income includes:

- Goods that are donated to be sold at auctions, or to be used in events or functions. In both cases, they are recognised as revenue at their replacement cost, and expensed when the goods are sold, or otherwise used.
- Donated services, such as the use of a conference centre to host an event, are recognised as revenue at their replacement cost. An equivalent amount is recognised as an expense, relating to the type of service donated.

Fundraising and events income

Fundraising and event income and the associated expenses are recognised to the stage of completion by reference to the stage of completion of the transaction at the reporting date when the outcome of the transaction involving the rendering of services can be estimated reliably. Fundraising and events income refers to income derived from the charity's various events held during the year.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest income

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

Sales of non-current assets

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

Pledges (revenue) received

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

(p) Financial risk management objectives and policies

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

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

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

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

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

Market Risk

Refer to note 17(c) to the financial statements.

Credit risk

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

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

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

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

The maximum credit risk exposure to Variety WA at the balance date is \$305,969 (2019: \$202,229). 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 (2019: \$NIL) provision is held to cover any potential bad debts that may arise

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

Liquidity Risk

Refer note 9 to the financial statements.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2 FUNDRAISING INFORMATION

| | 2020 \$ | 2019 \$ |
|---------------------------|------------------|------------------|
| Donations and collections | 1,906,904 | 1,388,943 |
| Event and lottery income | 948,048 | 1,412,854 |
| Other income | 371,928 | 93,654 |
| | 3,226,880 | 2,895,451 |

| Other Income | 2020 \$ | 2019 \$ |
|---------------------------|----------------|---------------|
| Interest received | 6,370 | 15,742 |
| Memberships | 10,227 | 10,773 |
| JobKeeper | 214,500 | - |
| Cash Flow Boost | 77,994 | - |
| Gain on Sale of Asset | 7,545 | - |
| Other Income | 55,292 | 67,139 |
| Total other Income | 371,928 | 93,654 |

3 EXPENSES

| | 2020 \$ | 2019 \$ |
|---|----------------|----------------|
| Operating surplus is stated after charging the following items: | | |
| Total Depreciation | 132,791 | 138,126 |
| Depreciation expensed as appeals granted | (29,354) | (30,972) |
| Depreciation expense | 103,437 | 107,154 |

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

4 FUNDRAISING INFORMATION AND ADMINISTRATION COSTS

| 2018/2019 | Fundraising Income | Other Income | Direct Expenses | Direct Wages | Gross Profit |
|--|-----------------------|------------------|--------------------|----------------|------------------|
| Motoring Events | | | | | |
| Bash | 645,368 | 214,566 | 251,563 | 36,724 | 571,647 |
| 4WD Adventure | 198,331 | 110,948 | 101,713 | 49,095 | 158,471 |
| Creative Car Cruise | 136,493 | 66,136 | 75,138 | 15,373 | 112,118 |
| Total Motoring Events | 980,192 | 391,650 | 428,414 | 101,192 | 842,236 |
| Other Events | | | | | |
| Toybank | 1,436 | 88,108 | 42,284 | 9,534 | 37,726 |
| Carols | 7,714 | 58,756 | 64,829 | - | 1,641 |
| Other events | 2 | 389 | 4,484 | 71,561 | (75,654) |
| Total Other Events | 9,152 | 147,253 | 111,597 | 81,095 | (36,287) |
| Fundraising | | | | | |
| Private Giving | 153,210 | (6,200) | 39,270 | 18,673 | 89,067 |
| Community Fundraising | 189,683 | 23,384 | 7,254 | 24,434 | 181,379 |
| Trust & Foundations | 32,000 | 48,261 | 470 | 15,845 | 63,946 |
| Raffles/Lotteries | - | 623,550 | 243,815 | 43,172 | 336,563 |
| Corporate Partnerships | - | 75,418 | 634 | 28,560 | 46,224 |
| Total Fundraising | 374,893 | 764,413 | 291,443 | 130,684 | 717,179 |
| Marketing | - | - | 40,596 | 63,455 | (104,051) |
| Midwest | 24,706 | 109,538 | 68,284 | 33,648 | 32,312 |
| TOTAL | 1,388,943 | 1,412,854 | 940,334 | 410,074 | 1,451,389 |
| Administration (including interest) | - | 93,654 | 534,448 | 476,941 | (917,735) |
| | 1,388,943 | 1,506,508 | 1,474,782 | 887,015 | 533,654 |
| Surplus before grants and programs | | | | | 533,654 |
| Grants Approved | | | | | (546,478) |
| Program Costs | | | 18,002 | 156,974 | (174,976) |
| Grant Write backs | | | | | 157,478 |
| Total grants and programs | | | | | (563,976) |
| Total comprehensive income for the year | | | | | (30,322) |

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

4 FUNDRAISING INFORMATION AND ADMINISTRATION COSTS (CONTINUED)

| 2019/2020 | Fundraising Income | Other Income | Direct Expenses | Direct Wages | Gross Profit |
|--|-----------------------|------------------|--------------------|----------------|------------------|
| Motoring Events | | | | | |
| Bash | 32,785 | 2,612 | 40,449 | 20,504 | (25,556) |
| 4WD Adventure | 2,258 | (1,788) | 18,971 | 20,635 | (39,136) |
| Creative Car Cruise | 110,659 | 2,573 | 12,681 | 16,233 | 84,318 |
| Ruby Road Trip | 342,359 | - | 8,306 | 25,327 | 308,726 |
| Total Motoring Events | 488,061 | 3,397 | 80,407 | 82,699 | 328,352 |
| Other Events | | | | | |
| Toybank | 2,433 | 53,995 | 26,116 | 6,226 | 24,086 |
| Ball | 142,895 | 175,737 | 203,636 | 28,257 | 86,739 |
| Total Other Events | 145,328 | 229,732 | 229,752 | 34,483 | 110,825 |
| Fundraising | | | | | |
| Private Giving | 99,645 | 66 | 28,869 | 12,205 | 58,637 |
| Community Fundraising | 249,053 | 40,167 | 50,037 | 11,136 | 228,047 |
| Bequest | 110,196 | - | - | - | 110,196 |
| Trust & Foundations | 723,393 | - | 667 | 6,296 | 716,430 |
| Raffles/Lotteries | 18,675 | 543,800 | 236,274 | 12,164 | 314,037 |
| Corporate Partnerships | 36,122 | 64,409 | 1,043 | 11,410 | 88,078 |
| Total Fundraising | 1,237,084 | 648,442 | 316,890 | 53,211 | 1,515,425 |
| Marketing | - | - | 45,190 | 63,950 | (109,140) |
| Midwest | 36,431 | 66,477 | 36,802 | 33,424 | 32,682 |
| TOTAL | 1,906,904 | 948,048 | 709,041 | 267,767 | 1,878,144 |
| Administration (including interest) | - | 371,928 | 392,841 | 451,823 | (472,736) |
| | 1,906,904 | 1,319,976 | 1,101,882 | 719,590 | 1,405,408 |
| Surplus before grants and programs | | | | | 1,405,408 |
| Grants Approved | | | | | (646,220) |
| Program Costs | | | 10,799 | 116,593 | (127,392) |
| Grant Write backs | | | | | 106,936 |
| Total grants and programs | | | | | (666,676) |
| Total comprehensive income for the year | | | | | 734,732 |

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

| | 2020 \$ | 2019 \$ |
|--|------------------|----------------|
| 5 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 | 4,800 | 4,800 |
| Cash at bank | 1,491,393 | 375,156 |
| Bank deposits | 389,494 | 401,920 |
| | 1,885,687 | 781,876 |
| Cash at bank earns interest at floating rates based on daily bank deposit rates. | | |
| (a) Reconciliation of the net profit to the net cash flows from operations | | |
| Surplus/(Deficit) after tax | 738,732 | (30,322) |
| Non-cash or operating items | | |
| Depreciation – Fixed Assets | 103,437 | 107,154 |
| Depreciation – Right of Use | 1,344 | - |
| Lease accounting adjustment | (1,235) | - |
| Donations received in kind | 63,640 | 55,856 |
| Donations granted in kind | (63,640) | (55,856) |
| Profit on sale of assets | (7,545) | - |
| Changes in assets and liabilities | | |
| Prior year adjustment | - | (43,730) |
| Decrease/(increase) in trade and other receivables | (103,740) | 82,313 |
| Decrease/(increase) in other assets | 9,378 | 64,282 |
| (Decrease) in appeals payable | 89,715 | (109,588) |
| (Decrease) in trade and other creditors (including deferred income) | 251,360 | 33,179 |
| (Decrease)/increase in provisions | 14,820 | 34,654 |
| Net cash flow from operating activities | 1,096,266 | 137,944 |

(b) Non-cash financing and investing activities

Credit card facility

Total balance owing as at 30 September 2020 is \$50 (2019: \$16,418).

Donated goods and services

During the year, the organisation received donated goods and services to the value of \$63,640 (2019: \$55,856). As these were acquired for no consideration, the goods and services were valued at current replacement cost.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

| | 2020 \$ | 2019 \$ |
|--------------------------------------|----------------|----------------|
| 6 TRADE AND OTHER RECEIVABLES | | |
| Trade receivables | 25,376 | 19,054 |
| Deposits | 73,372 | 71,449 |
| Other receivables | 98,594 | 42,317 |
| Accrued income | 79,978 | 18,833 |
| Net GST receivable | 17,485 | 35,960 |
| Bartercard | 11,164 | 14,616 |
| | 305,969 | 202,229 |

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

Accrued income is donations promised but not received as at 30 September 2020.

7 STOCK

| | | |
|-------|---------------|---------------|
| Stock | 24,347 | 33,725 |
| | 24,347 | 33,725 |

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

| | 2020 \$ | 2019 \$ |
|----------------------------------|------------------|------------------|
| 8 NON-CURRENT ASSETS | | |
| 8a PROPERTY, PLANT AND EQUIPMENT | | |
| Land | 1,014,933 | 1,014,933 |
| Buildings | 1,627,665 | 1,627,665 |
| Accumulated depreciation | (401,491) | (360,800) |
| | 1,226,174 | 1,266,865 |
| Plant & Equipment | 391,094 | 391,094 |
| Accumulated depreciation | (349,397) | (321,137) |
| | 41,697 | 69,957 |
| Motor Vehicles | 185,607 | 185,607 |
| Accumulated depreciation | (139,743) | (118,714) |
| | 45,864 | 66,893 |
| Furniture & Fittings | 134,562 | 134,562 |
| Accumulated depreciation | (101,204) | (87,747) |
| | 33,358 | 46,815 |
| Sunshine Coach | 701,977 | 757,464 |
| Accumulated depreciation | (651,620) | (677,754) |
| | 50,357 | 79,710 |
| Total | 2,412,383 | 2,545,173 |
| 8b OTHER LONG TERM INVESTMENTS | | |
| Equity in Variety Australia Ltd | 23,520 | 23,520 |

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

8c PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATION

| | Land | Building | Plant & Equipment | Motor Vehicles | Furniture & Fittings | Sunshine Coach | Total |
|--|------------------|------------------|----------------------|-------------------|-------------------------|----------------|------------------|
| Cost | | | | | | | |
| Opening balance as at 1 October 2018 | 1,014,933 | 1,627,665 | 385,427 | 185,607 | 134,562 | 757,464 | 4,105,658 |
| Additions | - | - | 5,667 | - | - | - | 5,667 |
| Disposals | - | - | - | - | - | - | - |
| Ending balance as at 30 September 2019 | 1,014,933 | 1,627,665 | 391,094 | 185,607 | 134,562 | 757,464 | 4,111,325 |
| Accumulated depreciation | | | | | | | |
| Opening balance as at 1 October 2018 | - | (320,107) | (291,335) | (95,518) | (74,283) | (646,782) | (1,428,025) |
| Depreciation | - | (40,693) | (29,802) | (23,196) | (13,464) | (30,972) | (138,127) |
| Disposals | - | - | - | - | - | - | - |
| Ending balance as at 30 September 2019 | - | (360,800) | (321,137) | (118,714) | (87,747) | (677,754) | (1,566,152) |
| Carrying amount | 1,014,933 | 1,266,865 | 69,957 | 66,893 | 46,815 | 79,710 | 2,545,173 |
| | Land | Building | Plant & Equipment | Motor Vehicles | Furniture & Fittings | Sunshine Coach | Total |
| Cost | | | | | | | |
| Opening balance as at 1 October 2019 | 1,014,933 | 1,627,665 | 391,094 | 185,607 | 134,562 | 757,464 | 4,111,325 |
| Additions | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | (55,487) | (55,487) |
| Ending balance as at 30 September 2020 | 1,014,933 | 1,627,665 | 391,094 | 185,607 | 134,562 | 701,977 | 4,055,838 |
| Accumulated depreciation | | | | | | | |
| Opening balance as at 1 October 2019 | - | (360,800) | (321,137) | (118,714) | (87,747) | (677,754) | (1,566,152) |
| Depreciation | - | (40,691) | (28,260) | (21,029) | (13,457) | (29,353) | (132,790) |
| Disposals | - | - | - | - | - | 55,487 | 55,487 |
| Ending balance as at 30 September 2020 | - | (401,491) | (349,397) | (139,743) | (101,204) | (651,620) | (1,643,455) |
| Carrying amount | 1,014,933 | 1,226,174 | 41,697 | 45,864 | 33,358 | 50,357 | 2,412,383 |

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

| | | 2020 \$ | 2019 \$ |
|-----------------------------|-----------------|----------------|----------------|
| 9 | PAYABLES | | |
| Trade payables | (i) | 75,542 | 68,075 |
| Events Prepaid Income | (ii) | 202,811 | 18,027 |
| Prepaid Income | (ii) | 140,090 | 48,739 |
| Payroll Liabilities | (ii) | 23,057 | 9,843 |
| Lease Liabilities – Current | (ii) | 1,418 | - |
| Accrued Expenses | (ii) | 71,152 | 100,239 |
| Credit Cards | (ii) | 50 | 16,418 |
| | | 514,120 | 261,341 |
| Grants payable | (iii) | 155,877 | 66,162 |

- (i) Trade payables are non-interest bearing and are normally settled on 30 day terms.
(ii) Other payables and accruals are non-interest bearing and have an average term of 30 days.
(iii) Grants payable treatment is described fully in note 1(j).

Liquidity risk

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

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

10a PROVISIONS

| | | |
|---|---------------|---------------|
| Annual leave brought forward | 43,804 | 49,350 |
| Amounts accrued during the year | 1,154 | (5,546) |
| Annual leave carried forward | 44,958 | 43,804 |
| Long service leave brought forward | 38,411 | 35,476 |
| Amounts accrued during the year | 4,562 | 2,935 |
| Long service leave carried forward | 42,973 | 38,411 |
| Total provisions | 87,931 | 82,215 |

10b PROVISIONS

| | | |
|---|---------------|---------------|
| Long service leave(non-current) brought forward | 37,265 | 0 |
| Amounts accrued during the year | 9,104 | 37,265 |
| Long service leave (non-current) carried forward | 46,369 | 37,265 |

Employee benefits

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

11 RESERVES

| (a) Retained earnings | 2020 | 2019 |
|-----------------------|------|------|
| | \$ | \$ |

Movements in retained earnings were as follows:

| | | |
|---|------------------|------------------|
| Beginning of financial year | 2,224,921 | 2,305,243 |
| Total comprehensive income for the year | 738,732 | (30,322) |
| Movement in reserves | - | (50,000) |
| End of financial year | 2,963,653 | 2,224,921 |

(b) Reserves

Movements in reserves were as follows:

| | | |
|------------------------------|----------------|----------------|
| Beginning of financial year | 914,619 | 895,591 |
| Movement in the year | (29,354) | 19,028 |
| End of financial year | 885,265 | 914,619 |

(i, ii and iii)

(i) The reserves of \$109,773 (2019: \$138,127) relates to the Sunshine coach grants. Refer to note 1(j).

(ii) The reserve of \$350,000 (2019: \$350,000) relates to funds injected into the organisation by the Bendat Family Foundation. The interest earned on these funds must be used for the Brian Treasure Scholarship Fund.

(iii) The general reserve of \$425,492 (2019: \$425,492) relates to the gain on the sale of the Shepperton Road property.

12 COMMITMENTS AND CONTINGENCIES

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

Lease commitments for short term and low value leases:

| | Total |
|------------------------------------|---------------|
| Payable within one year: | 14,956 |
| Payable within one and five years: | 1,956 |
| Payable in more than 5 years | - |
| | 16,912 |

13 AUDITORS' REMUNERATION

The auditor of Variety WA is Butler Settineri (Audit) Pty Ltd. Butler Settineri (Audit) Pty Ltd received \$15,384 (2019: \$15,983) excluding GST in respect of audit services provided in the current and prior year. An amount of \$775 (2019: \$775) was paid for non-audit services.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

14 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel (KMP)

Executives

Tony Hume Chief Executive Officer

(b) Compensation of Key Management Personnel

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

(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

15 RELATED PARTY DISCLOSURE

(a) Ultimate parent

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

(b) Key management personnel

Details relating to key management personnel, including remuneration, are included in note 14.

(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 | 2020 | - | 6,868 | 2,221 |
| | 2019 | - | 6,185 | - |
| Variety Australia Ltd | 2020 | 26,771 | 46,649 | 5,065 |
| | 2019 | 66,268 | 144,908 | 26,134 |
| Variety NSW | 2020 | 90,040 | 12,457 | (42,860) |
| | 2019 | 120,641 | 12,076 | (16,415) |
| Variety NT | 2020 | 159 | - | - |
| | 2019 | 220 | 1,767 | 1,767 |
| Variety QLD | 2020 | 159 | 753 | - |
| | 2019 | 1,324 | 75 | - |
| Variety SA | 2020 | 159 | - | - |
| | 2019 | - | - | - |
| Variety TAS | 2020 | 159 | - | - |
| | 2019 | - | 1,337 | - |
| Variety VIC | 2020 | - | - | - |
| | 2019 | 8,682 | 5,667 | - |

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

15 RELATED PARTY DISCLOSURE (CONTINUED)

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.

16 SEGMENT INFORMATION

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

17 FINANCIAL INSTRUMENTS

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

(a) Net fair values

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

(b) Financial Instruments

| | Carrying amount | | Fair value | |
|------------------------------------|------------------|----------------|------------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| (i) Financial assets | | | | |
| Cash assets | 1,885,687 | 781,876 | 1,885,687 | 781,876 |
| Trade and other receivables | 305,969 | 202,229 | 305,969 | 202,229 |
| Total financial assets | 2,191,656 | 984,105 | 2,191,656 | 984,105 |
| (ii) Financial liabilities | | | | |
| Trade creditors | 75,542 | 68,075 | 75,542 | 68,075 |
| Grants payable | 155,877 | 66,162 | 155,877 | 66,162 |
| Other creditors and accruals | 441,788 | 193,266 | 441,788 | 193,266 |
| Total financial liabilities | 673,207 | 327,503 | 673,207 | 327,503 |

(c) Market risk

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

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

A change of 100 basis points would have an insignificant impact of profit and equity

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

18 EVENTS AFTER BALANCE DATE

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

19 CONTINGENT LIABILITIES

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

20 KEY ASSUMPTIONS

(a) Regarding the future

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

(b) Regarding the current year

There are no key assumptions regarding the current financial year.

21 CAPITAL MANAGEMENT

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

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

| | 2020 \$ | 2019 \$ |
|-----------------------------|-------------------------|-----------------------|
| Cash and cash equivalents | 1,885,687 | 781,876 |
| Trade and other receivables | 305,968 | 202,229 |
| Grants payable | (155,877) | (66,162) |
| Trade and other payables | (517,330) | (261,341) |
| | <u>1,518,448</u> | <u>656,602</u> |

Board of Management's Declaration

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

In the opinion of the Board of Management:

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

Presents fairly, Variety WA Incorporated's financial position as at 30 September 2020 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 and the Associations Incorporation Act 2015 WA.
- b) There are reasonable grounds to believe Variety WA Incorporated will be able to pay its debts as and when they become due and payable.
- c) The provisions of the Australian Charities and Not-For-Profit Commission Act 2012 and its regulations and the conditions attached to the Authority to conduct fundraising have been complied with.
- d) The internal controls exercised by Variety WA Incorporated are appropriate and effective in accounting for all income received and applied to its fundraising appeals

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

Anthony Begley
Chief Barker / Chair

Bradley Dean
Treasurer

Perth
Date: 16 November 2020

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

Report on the Financial Report

Qualified Opinion

We have audited the financial report of Variety WA Incorporated, which comprises the statement of financial position as at 30 September 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the twelve month period then ended, notes comprising a summary of significant accounting policies and other explanatory information and the board of management's declaration.

In our opinion, except for the effects on the financial report of such adjustments, if any that may have been required had the limitation on our audit procedure referred to in the qualification paragraph not existed:

- i) the accompanying financial report of the Variety WA Incorporated is prepared, in all material respects, in accordance with the Associations Incorporation Act 2015 (WA) and the Australian Charities and Not-for-profits Commission Act 2012, including, giving a true and fair view of the Association's financial position as at 30 September 2020 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards - and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Qualified Opinion

Voluntary revenue such as donations and fundraising are significant sources of revenue for the Association. The board of management has determined that it is impracticable to establish controls over the collection of voluntary revenue prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from these sources was limited, our audit procedures with respect to voluntary revenue had to be restricted to the amounts recorded in the financial records. We are therefore unable to express an opinion as to whether the recorded voluntary revenue of the Association is complete.

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Association in accordance with the auditor independence requirements of the Associations Incorporation Act 2015 (WA), Australian Charities and Not-for-profits Commission Act 2012 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

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

Responsibilities of the Board of Management for the Financial Report

The board of management of the Association is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards, Associations Incorporation Act 2015 (WA), and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the board of management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the board of management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of management either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australia Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of management.

- Conclude on the appropriateness of the board of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

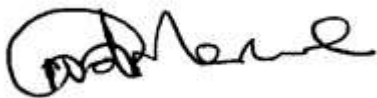
We also provide the board of management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

In our opinion, Variety WA Incorporated has complied with sections 60-30(3)(b), (c) and (d) of the Australian Charities and Not-for-profits Commission Act 2012 and sections 82(1)(b), (c) and (d) of the Associations Incorporation Act 2015 (WA) :

- by providing us with all information, explanation and assistance necessary for the conduct of the audit;
- by keeping financial records sufficient to enable a financial report to be prepared and audited;
- by keeping other records required by Part 3-2 of the Australian Charities and Not-for-profits Commission Act 2012, including those records required by Section 55-5 that correctly record its operations, so as to enable any recognised assessment activity to be carried out in relation to the entity; and
- by keeping other records required by Part 5 of the Associations Incorporation Act 2015 WA, including those records required by Section 66 that correctly record its operations, so as to enable true and fair financial statements to be prepared.

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MARIUS VAN DER MERWE CA
Director

Perth

Date: 16 November 2020