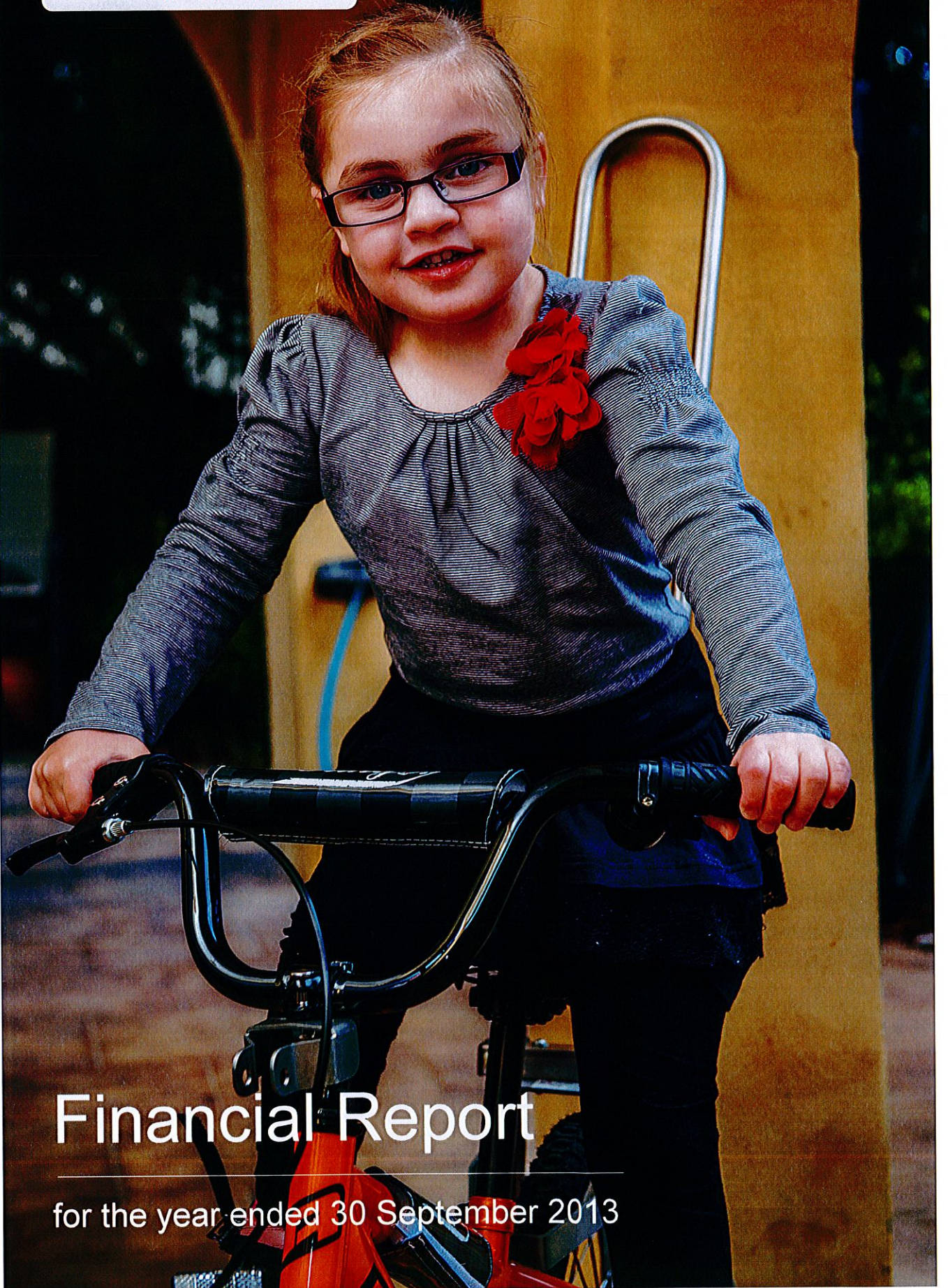




Variety - the Children's Charity (NSW)

ABN 38 003 354 934934



Financial Report

for the year ended 30 September 2013

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Directors' Report

Your directors submit their report of Variety - the Children's Charity (NSW) for the year ended 30 September 2013.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

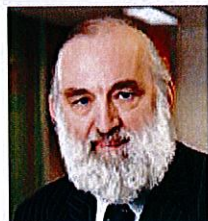
Qualifications, experience and special responsibilities

Susan Bannigan: Director



Susan has over 25 years experience in the financial services industry in Europe and Australia. Susan joined Westpac in 1995 and has worked in senior finance, treasury and business roles across the Westpac Group. Susan became Executive Officer of the Westpac Foundation in February 2012 and was appointed to the Variety NSW Board as a Director in 2011.

Gordon Cooper AM FCA: Treasurer



Gordon Cooper is a chartered accountant in sole practice as a tax consultant and a visiting Professorial Fellow at the Australian School of Taxation, University of New South Wales. Gordon is also the Former President of the Taxation Institute of Australia. In June 2003, Gordon was awarded the AM in the Queen's Birthday Honours. Gordon has been involved with Variety for over 5 years and was appointed to the Variety NSW Board as a Director in 2011 and currently holds the position of Treasurer.

Geoff Davis: Director



Geoff Davis is the Regional Manager for Transport and Fleet in NSW/ACT for Australia Post. Geoff has been actively involved with Variety for 19 years as a supporter and has held positions on the Variety NSW Board intermittently since 2003, overseeing numerous portfolios and serving as Deputy Chairman in 2008-10.

John Dennis: Director



John Dennis established the Australian Structured Finance Group in 1984, specialising in commercial equipment finance. John is currently Managing Director of the 9 operating companies within this group and was elected to the Governing Council of the Australian Equipment Lessors Association in 2003, later holding the position of Chairman in 2007/08. John has been involved in Variety for over 6 years, personally raising over \$250,000 for Variety in that time. He was appointed to the Board in December 2012 and is currently a member of the New Revenue Committee.

Henry Eggers: Director



Henry has extensive experience in the trucking industry in Australia, having held the position of CEO at Stilwell truck for 22 years as well as being appointed Director to 4 companies within the Adtrans Group. Henry is a long time supporter of Variety, providing logistics expertise the Variety Bash events. Henry was appointed to the Board in December 2012 and is currently a member of the Grants Committee.

Ian Grambower: Director



Ian has almost 20 years sales, marketing and general management experience in the Building and Construction industry. He is currently the General Manager for Metroll, one of Australia's largest manufacturers of roofing, fencing and structural steel products. Ian has been involved with Variety for over 4 years in both Western Australia and New South Wales. He joined the Board in December 2012 and is a member of the New Revenue Committee.

Peter Hebbes AM: Chairman & Secretary



Peter is the current Chairman of Variety NSW and a Director of Variety Australia. He has been an active member of Variety since 1987 and in 2003 was presented with a lifetime membership and in 2006 he was awarded The Order of Australia (AM) for his services to the community as a fundraiser. By profession Peter has his own independent music publishing company, Hebbes Music Group Pty. Ltd, and acts as a Consultant and Music Business Manager to the theatrical, film, television and music industry.

Mahesh Hettiaratchi: Director



Mahesh is a Chartered Accountant specialising in corporate and international taxation. He currently works as the International Tax Manager at a multinational engineering consultancy group with operations across the globe. Mahesh is a keen contributor to the community and not-for-profit sector having volunteered his time and skills in the capacity of board member with a number of organisations and has been involved with Variety for 4 years. Mahesh joined the Board in June 2012.

Brian Hoare: Director



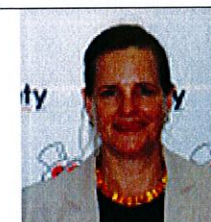
Brian has over forty years experience in the corporate sector and is currently a non executive director of Crown Equipment and is on the board of Adele House which operates three drug and alcohol rehabilitation centres in New South Wales. Brian has been involved with Variety since 1988 and was appointed as a Director to the Variety NSW Board in 2011. Brian is currently the Chairman for Motoring Events in NSW.

Dr. Greg Levenston: Director



Greg is the Medical Director at Bronte Medical Centre and a Councillor for the Woollahra City Council, Chairing Urban Planning Strategy. Greg has also been a Mason for 20 years with roles within the organisation including Immediate Past Grand Master, Freemasonry NSW/ACT and Spokesman for Australian Freemasonry. Greg was appointed as a Director to the Variety NSW Board in 2011 and is a member of the Grants Committee.

Amanda Mead: Director



Amanda is strategist, organisational change specialist, marketer and researcher in the food, tourism, tertiary education and humanitarian supply chain sectors. Amanda consults in strategy and management and is currently finishing a PhD researching self-ethics, emotions management and identity in organisational change. Amanda has been an active Director of Variety Tent 56 NSW since 2004, is the Chair of the Grants Committee (since 2008) and a member of the Risk and Governance Committee (since 2010).

Paul Mullaly: Deputy Chairperson



Paul holds a Masters Degree in Engineering management and is currently the CEO of Mullaly Constructions. Paul has actively supported Variety for more than 20 years and was appointed to the Variety NSW Board in 2009. Paul is also currently the Deputy Chairman of the Board and a member of the Grants Committee.

Duncan Ross: Director GAICD



Duncan is an experienced investment banker and management consultant, primarily working in technology, music and media fields. He is currently CEO of Vogel Ross, a venture consulting and management practice based in Sydney. Duncan has been involved with Variety for nearly 20 years as a volunteer fundraiser, bash entrant, committee member and Board member. He is currently the Chair of the Revenue Committee.

Bernt Schindler: Director (co-opted February 2013)



Bernt has been involved in Variety, the Children's Charity for over seven years. During his career Bernt has held varied roles in sales, marketing, management and recruitment. He is currently the Manager of Workforce NSW at Chandler McLeod Recruitment and Consulting Firm in Sydney. Bernt was appointed to the Variety NSW Board as a Director in 2010 and is the Chairman of the Young Variety committee.

Susan Warda: Director



Susan became a solicitor in 1993 and has extensive experience in the practice of family law. She is a Principal at Coleman Greig, a member of AICD and was awarded NSW Woman Lawyer of the Year in Private Practice for 2013. Susan was appointed to the Variety NSW Board as a Director in 2010 and as a Director to the Variety Australia Board in 2012.

Interests in the contracts or proposed contracts

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

COMPANY SECRETARY

Mr Peter Hebbes AM has been the Company Secretary of Variety - the Children's Charity (NSW) for two years.

DIVIDENDS

The Charity is a not-for-profit organisation and is prevented by the *Corporations Act 2001* from paying dividends.

CORPORATE INFORMATION

Variety - the Children's Charity (NSW) is a public company limited by guarantee that is incorporated and domiciled in Australia.

The Company is a Member of Variety International, which incorporates 39 entities operating in 13 different countries across the globe. All Variety entities operate under the same mission to support children who are sick, disadvantaged or who have special needs. There are eight separate Variety offices around Australia that operate similar activities to Variety – the Children's Charity (NSW) and whom work together to deliver national campaigns and achieve operational efficiencies. The seven Australian State and Territory Variety entities together own 100% of shares in the national entity of Variety Australia, who has been appointed the responsibility to review governance and the coordination of international reporting.

The registered office and principal place of business of the Company is 47 Herbert Street, Artarmon, NSW 2064. The Company employed 19 staff at 30 September 2013 (30 September 2012: 15).

STRATEGY AND OBJECTIVES

Variety - the Children's Charity (NSW) has the long term objective of striving to meet unmet needs that empower children who are sick, disadvantaged or have special needs to live, laugh and learn. Each year this long-term objective is translated into a yearly objective of fundraising and granting appeals.

Variety strives to meet these objectives through the operation of core grants programs, with help of dedicated staff, volunteers and generous individual and corporate supporters. These programs include Freedom Program, Caring for Kids Program and Future Kids Program. More details on these programs can be accessed through the Variety - the Children's Charity (NSW) internet website.

Variety - the Children's Charity (NSW) purchases all equipment granted directly to ensure that funds are always appropriately directed.

Directors' Report (continued)

PRINCIPAL ACTIVITIES

The principal activities of Variety - the Children's Charity (NSW) during the year was to undertake varied fundraising activities with a view to generate funds to enable the supply of material aid to Australian children who are sick, disadvantaged or have special needs.

Variety's principal fundraising activity involves the running of multiple large fundraising events including the Variety Bash and Santa Fun Run. Variety's cost of fundraising was 38% in 2013, with our administration fees being 17%. The majority of costs represent event production expenses such as venues, staging, safety & welfare of participants and event catering. Due to the nature of the fundraising events organised by Variety, the delivery of events generally requires significant production costs, all of which are covered in Variety's ticketing costs to attend events, with all deductible donations received contributing directly to Variety's net fundraising revenue. A detailed breakdown of Variety NSW's cost of fundraising can be found in Note 4 to the Accounts on Page 17.

Variety has incurred greater costs in the 2013 year as compared to 2012. This has been due to Variety making significant investments in 2013 to build a stronger foundation for future years and therefore future income to be provided in additional grants. These have included the hiring of an exclusive Fundraising Manager, extending some events such as Santa Fun Run, Variety Chefs to other regions outside Sydney, and establishing an office in Canberra. In the opinion of the Directors these investments should generate future income as well as greater publicity to Variety, helping us deliver upon future objectives.

In March 2013, Variety moved premises from 707 Darling Street Rozelle 2039 to 47 Herbert Street Artarmon 2064, selling the former premises and purchasing the latter property which is the current registered address. The relocation was required as the old premises were not appropriate or suitable for the long term use by Variety including not having disabled access and other workplace health and safety concerns. As a result of the sale of the Rozelle property, a profit on sale of asset was recognised in the year ended 30 September 2013 of \$1,090,474 which represents extraordinary income for the year and has not been taken into account in calculating the ratios in the above paragraph.

The Directors of Variety agreed to fund the purchase of the building from existing cash reserves instead of via borrowings as borrowings would have resulted in an interest expense to Variety. Therefore, it is noted that the cash balance at the end of the year of \$1,871,969 is mainly due to a net amount of \$1,361,835 being spent on the new building. Disregarding this spend, the cash balance of Variety as at 30 September 2013 would have been \$3,233,804 representing an increase of \$228,543 from last year.

There were no further changes to the nature of Variety's operations during the year.

OPERATING RESULTS FOR THE YEAR

Operating revenue

The operating revenue for the year ended 30 September 2013 was \$8,274,711 (30 September 2012: \$6,531,772).

Operating result before appeals granted

The operating profit before appeals granted for the year ended 30 September 2013 was \$3,702,446 (30 September 2012: \$3,195,728).

Appeals granted

Appeals granted to sick, disabled and disadvantaged children for the year ended 30 September 2013 was \$3,738,194 (30 September 2012: \$3,174,250).

Net operating result before Extraordinary Items

The net loss before Extraordinary items for Variety for the year ended 30 September 2013 was (\$35,748) (2012: \$21,477).

Net operating result after Extraordinary Items

The net profit after Extraordinary items for Variety for the year ended 30 September 2013 was \$1,054,726 (2012: \$21,477).

Directors' Report (continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Since the end of the financial year, the Directors 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 the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is not subject to any particular or significant environmental regulation

DIRECTORS' BENEFITS

No Director of the Company 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 Company with the Director or with a firm of which they are a member, or with a Company in which they have substantial financial interest except for those items disclosed in the notes to this Annual Financial Report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Variety - the Children's Charity (NSW) has, during the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the Directors and Executive Officers of Variety. The insurance is in the normal course of business and grants indemnity for liabilities permitted to be identified by Variety under Section 300 of the Corporations Act 2001. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

DIRECTOR'S MEETINGS

The number of meetings of Directors held during the year and the number of meetings attended by each director was as follows:

	Directors' Meetings Attended	Directors' Meetings Eligible to Attend
Ms Susan Bannigan	8	10
Mr Gordon Cooper AM	5	10
Mr Geoff Davis	9	10
Mr John Dennis	7	10
Mr Henry Eggers	7	10
Mr Ian Grambower	7	10
Mr Peter Hebbes AM	10	10
Mr Mahesh Hettiaratchi	6	10
Mr Brian Hoare	7	10
Dr Greg Levenston	7	10
Ms Amanda Mead	6	10
Mr Paul Mullaly	10	10
Mr Duncan Ross	6	10
Mr Bernt Schindler (co-opted February 2013)	2	7
Ms Susan Warda	7	10

Directors' Report (continued)

MEMBERS GUARANTEE

In the event of the Company being wound up, member's liability is limited to an amount of \$100. If the Company ceases to operate, assets are distributed to some other institution or institutions with similar objectives.

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor, Ernst & Young. A copy has been included on page 7 of the report.

Signed in accordance with a resolution of the directors.



Mr Peter Hebbes AM
Chairperson



Mr Gordon Cooper AM FCA
Director/Treasurer

Sydney, 14 November 2013



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Auditor's Independence Declaration to the Directors of Variety - the Children's Charity (NSW)

In relation to our audit of the financial report of Variety - the Children's Charity (NSW) for the financial year ended 30 September 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

John Robinson
Partner
14 November 2013

Statement of Comprehensive Income

For the year ended 30 September 2013

	Note	2013 \$	2012 \$
Fundraising income	4	7,487,947	5,628,759
Contributions towards appeals granted	4	659,314	776,672
Other income	4	127,450	126,341
Total revenues		8,274,711	6,531,772
Cost of Fundraising			
Event Production Costs		2,519,062	2,159,117
Fundraising Management Costs		614,829	165,257
Total Cost of Fundraising		3,133,891	2,324,373
Gross Profit		5,140,820	4,207,399
Employee benefits expense	5(b)	(364,106)	(333,095)
Advertising & promotion		(247,333)	(162,240)
Finance Costs		(75,192)	(22,775)
Occupancy Costs		(78,856)	(58,920)
Other Operating Costs		(238,102)	(125,492)
Travel & Accommodation		(61,918)	(48,169)
Depreciation		(135,458)	(95,011)
International and National Dues		(108,294)	(122,292)
Insurance		(32,357)	(23,136)
Consultants		(96,760)	(20,542)
Total expenses		(1,438,374)	(1,011,672)
Profit before appeals granted and income tax		3,702,446	3,195,728
Appeals granted	4	(3,738,194)	(3,174,250)
Loss before Extraordinary Items		(35,748)	21,477
Extraordinary Income		1,090,474	-
Net profit for the year before Income Tax		1,054,726	21,477
Income Tax		-	-
Total comprehensive income for the year		1,054,726	21,477

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 September 2013

	Note	2013 \$	2012 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	1,871,969	3,005,261
Trade and other receivables	7	404,657	309,226
Other current assets	8	324,171	151,537
Total current assets		2,600,797	3,466,024
Non-current assets			
Investments	9	85,200	85,200
Property, plant and equipment	10	3,048,115	735,956
Total non-current assets		3,133,315	821,156
TOTAL ASSETS		5,734,112	4,287,180
LIABILITIES			
Current liabilities			
Grants payable	11	1,773,848	1,423,921
Trade and other payables	11	80,408	125,229
Provisions	12	162,271	119,644
Deferred income	14	257,970	203,977
Total current liabilities		2,274,497	1,872,771
Non-current liabilities			
Provisions	12	11,018	20,537
Total non-current liabilities		11,018	20,537
TOTAL LIABILITIES		2,285,515	1,893,308
NET ASSETS		3,448,598	2,393,872
EQUITY			
Accumulated surplus		3,448,598	2,393,872
TOTAL EQUITY		3,448,598	2,393,872

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 September 2013

	<i>Accumulated surplus</i> \$	<i>Total equity</i> \$
At 1 October 2011	2,372,395	2,372,395
Profit for the year	21,477	21,477
Other comprehensive income	-	-
Total comprehensive income for the year	21,477	21,477
At 30 September 2012	2,393,872	2,393,872
Profit for the year	1,054,726	1,054,726
Other comprehensive income	-	-
Total comprehensive income for the year	1,054,726	1,054,726
At 30 September 2013	3,448,598	3,448,598

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 September 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Receipts from donors, sponsors, members and functions		8,185,674	6,623,679
Payments to suppliers and employees		(4,615,588)	(3,174,358)
Interest received		47,599	118,163
Interest paid		-	-
Appeals paid		(3,388,267)	(2,913,125)
Net cash flows from/(used in) operating activities		229,418	654,360
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,700,000	-
Purchase of property, plant and equipment		(3,061,835)	(42,299)
Net cash flows used in investing activities		(1,361,835)	(42,299)
Cash flows from financing activities			
Repayment of finance lease principal		-	-
Net cash flows used in financing activities		-	-
Net increase in cash and cash equivalents		(1,133,292)	612,061
Cash and cash equivalents at beginning of year		3,005,261	2,393,200
Cash and cash equivalents at end of year	6	1,871,969	3,005,261

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1 CORPORATE INFORMATION

The financial report of Variety, The Children's Charity (NSW) (the "Company") for the year ended 30 September 2013 was authorised for issue in accordance with a resolution of the directors on 14 November 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on an accrual basis of accounting including the historical cost convention except as otherwise stated and the going concern assumption.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar (\$) unless otherwise stated.

(b) Statement of compliance

Variety has adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements for the financial year beginning on 1 October 2011 and continued for the year ending 30 September 2013.

Variety is a not-for-profit, private entity and has prepared tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The adoption of AASB 1053 and AASB 2010-2 allowed Variety to remove a number of disclosures. There was no other impact on the current or prior year financial statements.

(c) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended are not expected to have significant impact on the Company for the annual reporting period ended 30 September 2013 and subsequent periods.

(d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short term deposits which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(e) Trade and other receivables

Other receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable.

(f) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

Land and buildings are measured at costs less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

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

- Buildings – 50 years
- Property improvements – 4 years
- Plant and equipment – 5 years
- Motor vehicles – 4 years

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

Derecognition

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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

(g) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In determining recoverable amount, the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate. Non-financial assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(h) Trade and other payables

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

(i) Grants payable

Grants payable are approved by the board resulting in a constructive obligation to make a further payment to the applicant. The grant payable is recognised at the nominal value approved by the board.

(j) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Company does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

(l) Provisions

Provisions are recognised when the Company 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

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(n) Revenue recognition

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

(i) Events revenue

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

(ii) 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.

(iii) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) 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.

The pledges received are not recognised as income until received in cash or till a firm commitment has been received.

(o) Deferred income

Deferred income is the income received in advance of the future event to which the income relates to. As the events are held, deferred income is recognised in the income statement as revenue.

(p) Income tax

Variety, The Children's Charity (NSW) is exempt from income tax. It is a Deductible Gift Recipient (DGR) and an Income Tax Exempt Corporation (ITEC).

(q) Other taxes

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

- ▶ When 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.
- ▶ Receivables and payables, which 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 is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(i) Significant accounting judgements

Impairment of non-financial assets

The Company assesses impairment of all assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. These include technology, economic and political environments and future expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Given the current uncertain economic environment management considered that the indicators of impairment were significant enough and as such these assets have been tested for impairment in this financial period.

(ii) Significant accounting estimates and assumptions

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Depreciation charges are included in note 10.

Assessment of fair value for donated goods and services

The assessment of fair value of goods and services donated to the company is based on an estimation of their replacement cost. The replacement costs is determined mainly by reference to invoiced amounts prepared by suppliers based on their market rates of services or supplying cost of goods. The condition of any goods not used during the year is assessed at each balance date to determine whether any adjustments are necessary to the carrying value.

No other significant judgements, estimates and assumptions were made during the financial year.

4 FUNDRAISING INFORMATION AND ADMINISTRATION COSTS

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

	2013 Total Income \$	2013 Direct Expenses \$	2013 Net Income \$	2012 Net Income \$
Fundraising information				
Chef's Dinner: Variety of Chef's	329,354	167,043	162,311	106,107
Canberra Santa Fun Run	38,245	20,878	17,367	-
Corporate Events	93,065	38,503	54,562	60,623
Dine For Kids	-	-	-	11,636
Melbourne Cup	195,835	155,155	40,680	51,708
Newcastle Bash	910,310	57,724	852,586	564,560
Newcastle Splash	22,007	1,189	20,818	21,837
Newcastle Race Day	29,960	19,903	10,057	19,562
NSW "B to B" Bash	2,504,061	512,351	1,991,710	1,886,456
Santa Fun Run	611,538	462,425	149,113	129,341
Variety Cycle Launch	371,158	174,173	196,985	-
Variety TREK	-	-	-	63,520
Fine China	146,561	45,933	100,628	48,176
4WD Experience	282,010	21,855	260,155	28,886
Canberra Variety of Chefs	125,212	129,489	(4,277)	(1,823)
Fundraising & Development	1,764,311	109,722	1,654,589	1,046,559
Other Events	64,320	46,283	18,037	3,550
Unallocated Fundraising Overheads and Salaries	-	1,171,265	(1,171,265)	(736,313)
Total contribution from events	7,487,947	3,133,891	4,354,056	3,304,386
Contributions towards appeals			659,314	776,672
Other income			127,450	126,341
Administration costs			(1,438,374)	(1,011,672)
Net profit before grants			3,702,446	3,195,727
Grants expense			(3,738,194)	(3,174,250)
Net Loss before Extraordinary Items			(35,748)	21,477
Extraordinary Income			1,090,474	-
Net Income			1,054,726	21,477

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.

Total administration costs include an allocation of Variety Australia costs.

Goods and services in kind received of \$1,491,084 (2012:\$741,388) and goods and services in kind expended of \$1,404,284 (2012:\$741,388) are included in the relevant revenue or expense category.

4 FUNDRAISING INFORMATION AND ADMINISTRATION COSTS (continued)

	2013 \$	2013 %	2012 \$	2012 %
Comparison of monetary figures and percentages				
Total costs of fundraising & donations	3,133,891	42%	2,324,373	41%
Gross income from fundraising & donation	7,487,947		5,628,759	
Net surplus from fundraising & donations	4,354,056	58%	3,304,386	59%
Gross income from fundraising & donations	7,487,947		5,628,759	
Total costs of fundraising & donations	3,133,891	38%	2,324,373	36%
Total expenditure	8,310,459		6,510,295	
Total costs of fundraising & donations	3,133,891	38%	2,324,373	36%
Total income received, excluding Extraordinary Items	8,274,711		6,531,772	
Total cost of administration	1,438,374	17%	1,011,672	15%
Total income received, excluding Extraordinary Items	8,274,711		6,531,772	

The total costs of the Company in the current year have been greater than the prior year and thus resulting in a marginal increase in some of the ratios above. The increase has resulted due to various investments made by the Company during the current year. Some of these investments include the expansion of the Variety Chefs and Variety Santa Fun Run to new regions, establishment of a Variety presence in Canberra, and an investment in a new corporate partnerships and larger grants team. It is the expectation that these investments will generate future income to the Company in the coming years and in addition they have already provided significant positive publicity to Variety NSW, which in turn has assisted in the fundraising efforts on a go forward basis.

5 EXPENSES

	2013 \$	2012 \$
(a) Depreciation expense		
Buildings	25,465	11,793
Plant and equipment	51,448	45,211
Motor vehicles	57,617	38,007
Software	928	-
Total depreciation expense	135,458	95,011
(b) Employee benefits expense		
Wages and salaries	272,256	284,690
Other employee benefit expense	91,850	48,405
Total employee benefits expense	364,106	333,095

6 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 September:

	2013	2012
	\$	\$
Cash in hand	575	237
Cash at bank	534,753	116,737
Short-term deposits	1,336,641	2,888,288
	1,871,969	3,005,261

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

Short-term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

\$1,773,848 of cash reserves held at 30 September 2013 relates to existing liabilities for grants made during the past 2 years that have yet to be paid.

Variety, as at 30 September, had a future commitment of \$300,000 to the Sydney Children's Hospital for medical equipment that is currently not reflected as a liability in the Statement of Financial Position. This commitment will be recognised over three years through annual grants. There is also an expected future commitment to the Vision for Life Program over the coming 3-5 years that is not able to be fully quantified as at 30 September 2013.

The carrying amounts of cash and cash equivalents, represents fair value.

7 OTHER RECEIVABLES (CURRENT)

Accrued income	404,657	309,226
Carrying amount other receivables	404,657	309,226

8 OTHER CURRENT ASSETS

	2013	2012
	\$	\$
Prepayments	232,625	151,537
Inventory on Hand	80,561	-
GST Receivable	10,985	-
	324,171	151,537

All other assets noted above are non-interest bearing and generally on indefinite terms. However, they are expected to be paid in the next 12 months and therefore are recorded as current assets.

9 INVESTMENTS

	2013	2012
	\$	\$
Investments in Variety Australia Limited - at cost	85,200	85,200
	85,200	85,200

10 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amounts at the beginning and end of the year:

	Land	Buildings & Improvements	Plant & Equipment	Motor Vehicles	Total
At 1 October 2012 at Cost:	269,500	480,229	459,017	164,349	1,373,096
Accumulated Depreciation:	-	(154,621)	(393,238)	(89,281)	(637,140)
Net carrying Amount at 1 October 2012:	269,500	325,608	65,780	75,068	735,956
Additions:	945,000	1,823,878	182,666	110,291	3,061,835
Disposals:	(269,500)	(321,074)	-	(20,898)	(611,472)
Depreciation Charge for the Year:	-	(24,884)	(52,331)	(60,988)	(138,203)
End of Year – net carrying amount:	945,000	1,803,527	196,115	103,473	3,048,115

11 PAYABLES (CURRENT)

	2013 \$	2012 \$
<i>Trade and other payables</i>		
Trade payables	3,164	44,659
Other payables and accruals	77,244	80,570
Carrying amount of trade and other payables	80,408	125,229
Grants payable	1,773,848	1,423,921

(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) Appeals payable are non-interest bearing and are recognised at the nominal amounts approved by the board of directors. They are generally paid within 6 months of their approval.

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

12 PROVISIONS

	2013	2012
	\$	\$
Current		
Employee benefits	162,271	119,644
	<u>162,271</u>	<u>119,644</u>
Non-current		
Employee benefits	11,018	20,537
	<u>11,018</u>	<u>20,537</u>

Employee benefits

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

13 INTEREST-BEARING LOANS AND BORROWINGS
(a) Financing facilities available

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

	2013	2012
	\$	\$
<i>Total facilities available</i>		
- Business credit card facility	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
<i>Facilities used at balance date</i>		
- Business credit card facility	-	-
	<u>-</u>	<u>-</u>
<i>Facilities unused at balance date</i>		
- Business credit card facility	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

14 DEFERRED INCOME

	2013	2012
	\$	\$
Deferred income	257,970	203,977
	<u>257,970</u>	<u>203,977</u>

15 ACCUMULATED SURPLUS

	2013	2012
	\$	\$
Movements in accumulated surplus were as follows:		
Balance 1 October	2,393,872	2,372,395
Net profit/(loss) for the year	1,054,726	21,477
Balance 30 September	<u>3,448,598</u>	<u>2,393,872</u>

16 STATEMENT OF CASH FLOWS RECONCILIATION

(a) Non-cash financing and investing activities

Credit card facility

At balance date, The Westpac Banking Corporation provided the organisation with a business credit card facility with a limit of \$50,000 (2012: \$50,000). The balance owing at 30 September 2013 is reflected in the liabilities.

Donated goods

During the year, the organisation received donated goods and services to the value of \$1,491,084 (2012: \$741,388). As these were acquired for no consideration, the goods and services were valued at current replacement cost.

17 CONTINGENCIES

There are no contingent liabilities that exist at, or after, the balance date and as at the date of this financial report.

18 RELATED PARTY DISCLOSURES

(a) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 19.

(b) Transactions with related parties

The entity is a member or "Tent" of Variety International, The Children's Charity. Other entities also members of this body are "Tents" from each State and Territory in Australia, considered related parties to the Company.

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

<i>Related party</i>		<i>Payments from related parties</i>	<i>Payments to related parties</i>	<i>Amounts owed by related parties</i>	<i>Amounts owed to related parties</i>
		\$	\$	\$	\$
Related body:					
Variety Tasmania	2013	1,510	7,145	28	-
	2012	-	-	-	-
Variety Australia	2013	79,487	153,171	15,353	22,901
	2012	75,314	166,556	21,691	28,371
Variety Northern Territory	2013	6,188	7,864	538	-
	2012	-	9,070	625	-
Variety Queensland	2013	62,879	79,235	25,974	-
	2012	-	68,286	267	-
Variety South Australia	2013	879	26,103	-	-
	2012	-	18,004	1,342	-
Variety Victoria	2013	53,594	147,986	-	-
	2012	53,499	72,391	2,624	-
Variety Western Australia	2013	32,809	52,597	9,385	-
	2012	-	5,677	135	-

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

19 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel as at 30 September 2013

(i) Directors

Mr Peter Hebbes AM	Chairman/Company Secretary
Mr Paul Mullaly	Deputy Chairman
Mr Gordon Cooper AM	Treasurer
Mr John Dennis	Director
Mr Duncan Ross	Director
Mr Geoff Davis	Director
Mr Brian Hoare	Director
Mr Mahesh Hettiaratchi	Director
Ms Susan Bannigan	Director
Ms Amanda Mead	Director
Dr Greg Levenston	Director
Mr Bernt Schindler (co-opted on November 2012)	Director
Ms Susan Warda	Director
Mr Ian Grambower	Director
Mr Henry Eggers	Director
David Small	CEO
Jillian Lynch	COO
Stuart Telfer	Motoring Events Manager
Victor Sheil	Newcastle Events Manager
Brooke Taylor	Events Manager

	2013	2012
	\$	\$

(b) Compensation of Key Management Personnel

Short-term employee benefits – Salary and fees	562,073	614,531
Short-term employee benefits – Non-monetary benefits	25,000	47,000
Post-employment benefits - Superannuation	51,301	56,853
Total benefits	638,374	718,384

20 EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date which may affect the Company's operations or results of those operations or the Company's state of affairs.

Directors' Declaration

In accordance with a resolution of the directors of Variety, The Children's Charity (NSW), we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial positions as at 30 September 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Declaration under the Charitable Fundraising Act 1991 (the "Act") and Charitable Fundraising Regulation 2008 (the "Regulation")

- (i) The financial report and associated records of the Company have been properly kept during the year ended 30 September 2013 in accordance with the Act and the Regulation; and
- (ii) money received as a result of fundraising appeals conducted during the year ended 30 September 2013 has been properly accounted for and applied in accordance with the Act and the Regulation; and
- (iii) there are grounds to believe that the Company will be able to pay its debts as and when they fall due; and
- (iv) The Company has complied with the obligations imposed by the Act and the Regulation.

Signed in accordance with a resolution of the Board of Directors



Mr Peter Hebbes AM
Chairperson



Mr Gordon Cooper AM FCA
Treasurer

Sydney, 14 November 2013

Independent auditor's report to the members of Variety - the Children's Charity (NSW)

Report on the financial report

We have audited the accompanying financial report of Variety - the Children's Charity (NSW), which comprises the statement of financial position as at 30 September 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are 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 about 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 judgment, 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 controls relevant to the entity's preparation of the financial report that 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion the financial report of Variety – the Children’s Charity (NSW) is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 September 2013 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008*

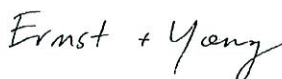
We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2008*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non compliance may occur and not be detected. An audit is not designed to detect all instances of non compliance with the requirements described in the above-mentioned Act and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

- a) the financial report of Variety – the Children’s Charity (NSW) has been properly drawn up and associated records have been properly kept during the financial year ended 30 September 2013, in all material respects, in accordance with:
 - (i) sections 20(1), 22(1-2), 24(1-3) of the *NSW Charitable Fundraising Act 1991*;
 - (ii) sections 9(6) and 10 of the *NSW Charitable Fundraising Regulations 2008*;
- b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 September 2013 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Act and Regulations.



Ernst & Young



John Robinson

Partner

Sydney

14 November 2013