

Variety WA Incorporated

(Formerly Variety Club of Western Australia (Incorporated))

T/A Variety, The Children's Charity Tent 74

ABN 14 020 124 537

Annual Financial Report 30 September 2008

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Board of Management

E. Tavani – Chief Barker

M. Werrett – Vice Chairman (Commenced 28 November 2007)

J. Mancini – Treasurer

R. Reid – Board Member (Vice Chairman up to 28 November 2007)

M. Whately – Board Member

C. Johnston – Board Member (Retired 28 April 2008)

G. Kemp – Board Member

A. Linney – Board Member

L. Mullen – Board Member

P O’Loughlin – Board Member (Retired 28 November 2007)

C. Pye – Board Member (Retired 28 November 2007)

R. Robartson – Board Member (Retired 31 March 2008)

D. Tarabini East – Board Member (Commenced 28 November 2007)

S. Hunter – Board Member (Commenced 10 December 2007)

M. Slattery – Board Member (Commenced 31 March 2008)

R. Craig – Board Member (Commenced 26 May 2008)

Board of Management Report

The Board of Management of Variety WA Incorporated, which trades as The Children's Charity Tent 74, have pleasure in submitting the following report in respect of the year ended 30 September 2008 in accordance with a resolution of Members.

MEMBERS

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

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

DIVIDENDS

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

ASSOCIATION INFORMATION

Variety WA Incorporated is an Association incorporated in Western Australia under the Associations Incorporation Act 1987.

The registered office of the Association is 3/63 Shepperton Road, Victoria Park WA 6100

The entity employed 7 staff & casuals at 30 September 2008, (30 September 2007: 5).

PRINCIPAL ACTIVITIES

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

OPERATING AND FINANCIAL REVIEW

Operating revenue

The operating revenue for the year ended 30 September 2008 was \$4,033,879 [30 September 2007: \$2,569,019].

Operating result before appeals granted

The operating profit before appeals granted for the year ended 30 September 2008 was \$2,034,398 (30 September 2007: \$1,458,027).

Appeals granted

Appeals granted to sick, disabled and disadvantaged children for the year ended 30 September 2008 was \$1,422,728 (30 September 2007: \$1,756,651).

Net operating result

The operating surplus for the year ended 30 September 2008 was \$611,670 (30 September 2007: deficit of \$298,624).

Board of Management Report (continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

During the year a property was built in Geraldton and is carried at its cost of \$233,840. Subsequent to the year end, this property was sold for \$457,500, giving a profit after costs of \$222,559. The sales contract was dated 13th of October 2008.

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

BOARD OF MANAGEMENT BENEFITS

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

INDEMNIFICATION AND INSURANCE OF MEMBERS

Directors and officers indemnity insurance was purchased during the year and covers the Directors and officers up to a maximum of \$5,000,000. The premium paid for the insurance was \$1,262 (excluding GST).

Board of Management Report (continued)

BOARD OF MANAGEMENT MEETINGS

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

	Board of Management Meetings Attended	Board of Management Meetings Eligible to Attend
E Tavani (Chief Barker)	10	13
M Werrett (Vice Chairman)	12	13
J Mancini (Treasurer)	10	13
R Reid	9	13
C Johnson	6	7
G Kemp	11	13
A Linney	7	13
L Mullen	8	13
P O'Loughlin	0	2
C Pye	2	2
R Robartson	6	6
M Whately	11	13
D Tarabini East	10	11
S Hunter	8	10
M Slattery	4	7
R Craig	5	5

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

Chief Barker

.....
E. Tavani

Date

17 November 2008

Income Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2008	Notes	2008 \$	2007 \$
Fund raising income	4	3,900,938	2,171,423
Other income	4	132,941	397,596
Total Revenues		4,033,879	2,569,019
Salaries & wages (i)		113,299	277,812
Function costs (i)	4	1,677,893	646,710
Depreciation	5	15,014	9,701
Other expenses		193,275	176,769
Total Expenses		1,999,481	1,110,992
Surplus before appeals granted and income tax		2,034,398	1,458,027
Appeals granted	4	1,422,728	1,756,651
Surplus/(Deficit) before tax		611,670	(298,624)
Income tax expense		-	-
Net Surplus/(Deficit) for the period	4	611,670	(298,624)

- (i) In 2008 wages were split between functions and admin, only the admin portion is reported as Salaries & wages, the remaining salary costs of \$187,749 is included in Function costs.

The accompanying notes form part of these financial statements.

Balance Sheet

AS AT 30 SEPTEMBER 2008	Notes	2008 \$	2007 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,685,166	1,643,850
Trade and other receivables	7	461,662	209,553
Inventories	8	7,872	7,113
		2,154,700	1,860,516
Current Assets held for sale			
Property	9	233,840	-
		2,388,540	1,860,516
Total Current Assets			
Non-current Assets			
Property, plant and equipment	10	402,250	353,655
		402,250	353,655
Total Non-current Assets			
TOTAL ASSETS		2,790,790	2,214,171
LIABILITIES			
Current Liabilities			
Appeals payable	11	921,147	1,317,110
Trade and other payables	11	74,040	84,181
Borrowings	12	3,199	379
Provisions	13	25,705	18,547
Deferred income	14	60,031	60,001
		1,084,122	1,480,218
Total Current Liabilities			
Non-current Assets			
Appeals payable	11	261,045	-
		261,045	-
Total Non-current Assets			
TOTAL LIABILITIES		1,345,167	1,480,218
NET ASSETS		1,445,623	733,953
EQUITY			
Retained earnings	15	1,345,623	733,953
Reserves	15	100,000	-
		1,445,623	733,953
TOTAL EQUITY		1,445,623	733,953

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2008

	Retained earnings	Reserves	Total Equity
	\$	\$	\$
At 1 October 2006	1,032,577	-	1,032,577
Deficit for the year	(298,624)	-	(298,624)
At 30 September 2007	733,953	-	733,953
Surplus for the year	611,670	-	611,670
Bendat family foundation donation	-	100,000	100,000
At 30 September 2008	1,345,623	100,000	1,445,623

The accompanying notes form part of these financial statements.

Cash Flow Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2008	Notes	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from donors, sponsors, members and functions		3,426,472	2,473,124
Payments to suppliers and employees		(1,751,490)	(1,045,174)
Interest received		118,200	37,476
Interest paid		(2,135)	-
Grants paid		(1,548,471)	(832,373)
Net cash flows from operating activities	6 (a)	<u>242,576</u>	<u>633,053</u>
Cash flows used in investing activities			
Proceeds from sales of fixed assets		10,455	-
Purchase of property, plant and equipment		(311,715)	(48,168)
Net cash flows used in investing activities		<u>(301,260)</u>	<u>(48,168)</u>
Cash flows from financing activities			
Receipt of reserve funds		100,000	-
Net cash flow from financing activities		<u>100,000</u>	<u>-</u>
Net increase in cash and cash equivalents		41,316	584,885
Cash and cash equivalents at beginning of year		<u>1,643,850</u>	<u>1,058,965</u>
Cash and cash equivalents at end of year	6	<u><u>1,685,166</u></u>	<u><u>1,643,850</u></u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2008

1. ASSOCIATION INFORMATION

The financial report of Variety WA Incorporated for the year ended 30 September 2008 was authorised for issue in accordance with a resolution of the Board of Management Members on 17 November 2008.

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

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

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

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

All amounts are stated in Australian dollars.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance Australian Accounting Standards. The financial report has also been prepared on a historical cost basis.

(b) Statement of compliance

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

Certain Australian Accounting Standards and Urgent Issues Group interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Variety WA Incorporated for the annual reporting period ended 30 September 2008. The Board of Management Members have not early adopted any of these new or amended standards or interpretations.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

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

Land and buildings are measured at cost. No depreciation is applied to buildings as a reliable split between land and buildings could not be obtained and property situated in the area is constantly appreciating.

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

Computer equipment – over 3 years

Plant and equipment – over 5 years

Motor vehicles – over 3 - 5 years

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

Revaluations of land and buildings

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except to the extent that it offsets a previous revaluation increase for the same asset, in which case the decrease is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amounts of the assets and depreciation based on the assets' original costs.

Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Disposal

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

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases

Finance leases, which transfer to the Association substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period so as to achieve a constant rate on the remaining balance of the liability. Finance charges are recognised in the income statement.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments including fixed rental increases (net of any incentives received from the lessor) are recognised as an expense in the income statement on a straight-line basis over the lease term.

(e) Trade and other receivables

Trade receivables, which generally have 7 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Association will not be able to collect the debt.

(f) Inventories

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

Inventory also includes donated goods which are to be sold at auction for fundraising purposes. Inventory items are valued at approximate net realisable value, and this value is used as the reserve at auction to ensure that the auction proceeds exceed cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(g) Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Association determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Association commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

(i) Financial assets at fair value through profit and loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in profit or loss.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investments and other financial assets (continued)

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Association has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the preceding three categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported is recognised in profit or loss.

For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(h) Impairment of assets

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

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

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

(i) Cash and cash equivalents

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

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Trade and other payables

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

(k) Appeals payable

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

(l) Interest-bearing loans and borrowings

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

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

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

(m) Borrowing costs

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

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

(n) Provisions

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

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

(o) Employee leave benefits

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

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

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits; and
- other types of employee benefits

are recognised against profits on a net basis in their respective categories.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income tax

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

(q) Other taxes

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

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

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

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

(r) Revenue

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

Events Revenue

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

Interest income

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

Sales of non-current assets

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

Donated Goods

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

Donations of Services

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2007

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The main purpose of these financial instruments is to raise finance for the Association's operations. The Association has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Association's financial instruments are cash flow interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks as summarised below.

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

Credit risk

The Association trades only with recognised, creditworthy parties.

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

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

The Association minimises concentration of credit risk in relation to trade receivables by undertaking transactions with a large number of customers. The maximum credit risk exposure to the Association at the balance sheet date is \$380,340. 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 (2007: \$NIL) provision is held to cover any potential bad debts that may arise

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2008

4. FUND RAISING INFORMATION AND ADMINISTRATION COSTS

Additional information to be furnished under the Charitable Collections Act, 1946.

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

	2008 Total Income \$	2008 Direct Expenses \$	2008 Net Income \$	2007 Net Income \$
Fundraising information				
Bash	1,978,608	690,758	1,287,850	1,124,137
4WD	385,493	176,878	208,615	70,054
Bike run	332,320	78,270	254,050	174,473
Australia Day	(1,262)	-	(1,262)	-
AmCham	-	-	-	9,805
Corporate event	52,842	4,610	48,232	(2,289)
Footy tipping	3,280	-	3,280	3,410
Hearts	171	-	171	1,629
Holly Wood's birthday celebration	-	-	-	(3,625)
Hopman cup	35,711	2,690	33,021	-
Miss World	-	-	-	4,691
Off the kuff	26,166	23,950	2,216	4,375
Painathlon	9,739	-	9,739	8,132
Quiz	23,000	679	22,321	1,273
Skywest	5,780	-	5,780	3,497
Toy bank	28,923	18,109	10,814	6,306
Young variety	9,512	18,694	(9,182)	13,477
Splash	-	-	-	105,368
Corporate – Cash	341,590	66,594	274,996	-
Corporate – Gifts in Kind	371,500	371,500	-	-
Marketing	87,832	89,296	(1,464)	-
Geraldton	207,730	130,818	76,912	-
Port Hedland	2,003	5,047	(3,044)	-
Total contribution from events	3,900,938	1,677,893	2,223,045	1,524,713
Interest received			118,200	37,476
Donations received (i)			-	206,941
Other income			14,741	153,179
Administration costs			(321,588)	(464,282)
Surplus before grants			2,034,398	1,458,027
Grants expense			(1,422,728)	(1,756,651)
Surplus/(deficit) before income tax			611,670	(298,624)

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.

Goods and services in kind received of \$380,675 (2007: \$40,273) and goods and services in kind expended of \$380,675 (2007: \$38,673) are included in the relevant expense or revenue category.

(i) Donations included in Fundraising income in 2008.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2008

	2008 \$	2007 \$
5. EXPENSES		
Operating surplus/(deficit) is stated after charging the following items:		
Depreciation: Plant and equipment	581	63
Depreciation: Motor vehicles	24,432	9,638
Depreciation: Bash Motor vehicles	6,400	-
Total depreciation	31,413	9,701
Depreciation expensed as Appeals granted	(16,399)	-
Depreciation expense	15,014	9,701

6. CASH AND CASH EQUIVALENTS

Cash in hand	400	1,857
Cash at bank	1,584,673	1,641,993
Bank deposits	100,093	-
	1,685,166	1,643,850

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

Bank deposits are made for varying periods of between one day and twelve months, depending on the immediate cash requirements of the Association, and earn interest at the respective short-term deposit rates. An agreement was entered into during the 2007 financial year whereby the bank agreed that all accounts would earn the same interest rate as the short term deposits and so operating deposits ceased.

Reconciliation to the Cash Flow statement

For the purposes of the Cash Flow statement, cash and cash equivalents comprise the following:

Cash in hand	400	1,857
Cash at bank	1,584,673	1,641,993
Bank deposits	100,093	-
	1,685,166	1,643,850

(a) Reconciliation of the net profit to the net cash flows from operations

Operating surplus/(deficit)	611,670	(298,624)
Non-cash or operating items		
Depreciation	31,413	9,701
Profit on sale of fixed assets	(10,455)	-
Capitalised interest	(2,135)	-
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(252,106)	(90,893)
(Increase)/decrease in inventory	(759)	20,570
(Decrease)/increase in trade and other creditors (including deferred income)	(142,210)	985,873
(Decrease)/increase in provisions	7,158	6,426
Net cash flow from operating activities	242,576	633,053

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2008

(b) Non-cash financing and investing activities

Credit card facility

At balance date, The ANZ provided the organisation with a business credit card facility with a limit of \$14,000 (2007: \$14,000). The balance owing at 30 September 2008 is reflected in the liabilities.

Donated goods and services

During the year, the organisation received donated goods and services to the value of \$380,675 (2007: \$40,273). As these were acquired for no consideration, the goods and services were valued at current replacement cost.

	2008	2007
	\$	\$
7. TRADE AND OTHER RECEIVABLES		
(CURRENT)		
Trade receivables	105,995	32,647
Prepayments	57,820	34,101
Other receivables	142,227	13,757
Related party receivables	-	29,032
Accrued income	155,620	100,016
	461,662	209,553

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

Other receivables consist primarily of amounts owed by the ATO in respect of GST. These amounts are typically settled within 30 days of quarter end.

Accrued income is donations promised but not received as at 30 September 2008.

8. INVENTORIES

Merchandise (at cost)	2,195	586
Auction items	5,677	6,527
	7,872	7,113

Inventory expense

Inventory write-downs recognised as an expense totalled \$NIL (2007: \$2,015) for the Association.

Accrued income is donations promised but not received as at 30 September 2008.

9. CURRENT ASSETS HELD FOR SALE

Property	233,840	-
	233,840	-

This property relates to a home built in Geraldton. This property is carried at its cost of \$233,840. Subsequent to the year end, this property was sold for \$457,500, giving a profit of \$223,660. The sales contract was dated 13th of October 2008. Included in the cost of \$233,840 are capitalised borrowing costs of \$2,135.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2008

	2008 \$	2007 \$
10. PROPERTY, PLANT AND EQUIPMENT		
<i>Land & buildings</i>		
Cost	315,121	315,121
Accumulated depreciation and impairment	-	-
Net carrying amount	<u>315,121</u>	<u>315,121</u>
<i>Plant and Equipment</i>		
Cost	78,340	76,165
Accumulated depreciation and impairment	(77,178)	(76,165)
Net carrying amount	<u>1,162</u>	<u>-</u>
<i>Motor vehicles</i>		
Cost	153,432	79,530
Accumulated depreciation and impairment	(67,465)	(40,996)
Net carrying amount	<u>85,967</u>	<u>38,534</u>
Total property, plant and equipment		
Cost	546,893	470,816
Accumulated depreciation, amortisation and impairment	(144,643)	(117,161)
Net carrying amount	<u><u>402,250</u></u>	<u><u>353,655</u></u>
Reconciliations		
<i>Land & buildings</i>		
Carrying amount at beginning	315,121	315,121
Additions	-	-
Disposals	-	-
Depreciation and impairment charge for the year	-	-
Net carrying amount	<u>315,121</u>	<u>315,121</u>
<i>Plant and Equipment</i>		
Carrying amount at beginning of period	-	63
Additions	1,743	-
Disposals	-	-
Depreciation and impairment charge for the year	(581)	(63)
Net carrying amount	<u>1,162</u>	<u>-</u>
<i>Motor vehicles</i>		
Carrying amount at beginning of the year	38,534	6
Additions	78,265	48,166
Disposals	-	-
Depreciation and impairment charge for the year	(30,832)	(9,638)
Net carrying amount	<u>85,967</u>	<u>38,534</u>
Total property, plant and equipment		
Carrying amount at beginning of the year	353,655	315,190
Additions	80,008	48,166
Disposals	-	-
Depreciation, amortisation and impairment charge for the year	(31,413)	(9,701)
Net carrying amount	<u><u>402,250</u></u>	<u><u>353,655</u></u>

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2008

		2008	2007
		\$	\$
11. PAYABLES (CURRENT)			
Trade payables	(i)	9,342	-
Other payables and accruals	(ii)	64,698	84,181
		<u>74,040</u>	<u>84,181</u>
Appeals payable		921,147	1,317,110
		<u>921,147</u>	<u>1,317,110</u>
<p>(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.</p>			
(NON-CURRENT)			
Appeals payable		<u>261,045</u>	-

Liquidity risk

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

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2008

	2008 \$	2007 \$
12. INTEREST-BEARING LOANS AND BORROWINGS		
Current		
Obligations under finance leases and hire purchase contracts (note 16)	3,199	379
Financing facilities available		
At reporting date, the following bank financing facilities had been negotiated and were available:		
Total facilities		
- bank overdraft	-	-
- credit card	14,000	14,000
	<u>14,000</u>	<u>14,000</u>
Facilities used at balance date		
- bank overdraft	-	-
- credit card	3,199	379
	<u>3,199</u>	<u>379</u>
Facilities unused at balance date		
- bank overdraft	-	-
- credit card	10,801	13,621
	<u>10,801</u>	<u>13,621</u>
Total facilities		
Facilities used at reporting date	3,199	379
Facilities unused at reporting date	10,801	13,621
	<u>14,000</u>	<u>14,000</u>

Finance lease and hire purchase contracts

The Association has no finance leases or hire purchase contracts.

13. PROVISIONS

Annual leave brought forward	18,547	12,121
Amounts accrued/(used) in year	7,158	6,426
Annual leave carried forward	<u>25,705</u>	<u>18,547</u>

Employee benefits

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

14. DEFERRED INCOME

Deferred income relates to donations received in the year that relate to events occurring in the 2008/2009 financial year.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2008

	2008	2007
	\$	\$
15. RESERVES		
(a) Retained earnings		
Movements in retained earnings were as follows:		
Beginning of financial year	733,953	1,032,577
Net profit/(loss) for the year	611,670	(298,624)
End of financial year	<u>1,345,623</u>	<u>733,953</u>

(b) Reserve

The reserve of \$100,000 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.

16. COMMITMENTS AND CONTINGENCIES

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

17. AUDITORS' REMUNERATION

The auditor of Variety WA Incorporated is Butler Settineri (Audit) Pty Ltd. Butler Settineri (Audit) Pty Ltd received \$10,000 (2007: \$7,700) excluding GST in respect of audit services provided in the year. An amount of \$NIL was paid for non-audit services.

18. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) Executives

Michael Pailthorpe	Executive Director
Theresa Homer	Finance and Administration Manager
Petrolyn Vanessa	Sponsorship and Marketing Manager (2007 only)
Estelle Hajigabriel	New Business Development Manager (2008 only)
Ross Hawthorne	Bash Operations Manager
Emma Lewis	Marketing Manager (2007 only)

(b) Compensation of Key Management Personnel

A formal meeting is held on the anniversary of KMP employment where a discussion regarding performance occurs and the board make a decision regarding the remuneration of KMP.

Short-term employee benefits – Salary and fees	266,416	200,982
Short-term employee benefits – Cash bonus	33,700	-
Short-term employee benefits – Non-monetary benefits	4,860	8,033
Post-employment benefits - Superannuation	19,027	13,457
Total benefits	<u>324,003</u>	<u>222,472</u>

(c) Other transactions and balances with Key Management Personnel (KMP) and their related parties

Sales and Purchases

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2008

19. RELATED PARTY DISCLOSURE

(a) Ultimate parent

Variety WA Incorporated is a member of a worldwide organisation, Variety International, The Children's Charity.

(b) Key management personnel

Details relating to key management personnel, including remuneration, are included in note 17.

(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	2008	205	188	-
	2007	(9,488)	-	(14,032)
Variety NSW	2008	6,741	9,553	-
	2007	2,074	(2,074)	-
Variety NT	2008	970	-	-
	2007	-	-	-
Variety QLD	2008	6,872	-	-
	2007	-	-	-
Variety SA	2008	8,706	-	-
	2007	-	-	-
Variety TAS	2008	783	2,200	-
	2007	-	-	-
Variety Victoria	2008	-	-	-
	2007	31,875	(16,875)	(15,000)

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

20. SEGMENT INFORMATION

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

21. FINANCIAL INSTRUMENTS

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

(a) Net fair values

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2008

(b) Financial Instruments

	Note	Carrying amount		Fair value	
		2008	2007	2008	2007
		\$	\$	\$	\$
<i>(i) Financial assets</i>					
Cash assets	6	1,685,164	1,643,850	1,685,164	1,643,850
Trade and other receivables		357,320	195,521	357,320	195,521
Total financial assets		<u>2,042,484</u>	<u>1,839,371</u>	<u>2,042,484</u>	<u>1,839,371</u>
<i>(ii) Financial liabilities</i>					
Trade creditors		9,342	-	9,342	-
Appeals payable		1,182,192	1,317,110	1,182,192	1,317,110
Other creditors and accruals		18,296	84,181	18,296	84,181
Total financial liabilities		<u>1,209,830</u>	<u>1,401,291</u>	<u>1,209,830</u>	<u>1,401,291</u>

(c) Market risk

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

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

A change of 100 basis points in variable interest rates would have the following increase/(decrease) effect on profit and equity.

	100bp increase \$'000	100bp decrease \$'000
30 June 2008		
Variable rate instruments	<u>17</u>	<u>(17)</u>
30 June 2007		
Variable rate instruments	<u>16</u>	<u>(16)</u>

22. EVENTS AFTER BALANCE SHEET DATE

During the year a property was built in Geraldton and is carried at its cost of \$233,840. Subsequent to the year end, this property was sold for \$457,500, giving a profit after costs of \$222,559. The sales contract was dated 13th of October 2008.

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

23. CONTINGENT LIABILITIES

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2008

24. KEY ASSUMPTIONS

(a) Regarding the future

There is an assumption that Variety WA Incorporated will receive similar levels of support in the future, especially regarding the participation levels in key fundraising activities such as the Bash. Without such support the charity would have difficulties in continuing as an effective charity.

(b) Regarding the current year

There are no key assumptions regarding the current financial year.

25. CAPITAL MANAGEMENT

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

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

	2008	2007
	\$	\$
Cash and cash equivalents	1,685,166	1,643,850
Trade and other receivables	461,662	209,553
Appeals granted	(1,182,192)	(1,317,110)
Trade and other payables	(74,040)	(84,181)
Borrowings	(3,199)	(379)
	<u>887,397</u>	<u>451,733</u>

Board of Management Declaration

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

In the opinion of the Board of Management:

- a) The financial statements and notes of the Association:
 1. Give a true and fair view of the Association's financial position as at 30 September 2008 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the year ended on that date; and
 2. Comply with Accounting Standards.
- b) There are reasonable grounds to believe the Association will be able to pay its debts as and when they become due and payable.
- c) The provisions of the Western Australian Charitable Collections Act and its regulations and the conditions attached to the Authority to conduct fundraising have been complied with.
- d) The internal controls exercised by the Association are appropriate and effective in accounting for all income received and applied to its fundraising appeals

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

E. Tavani
Chief Barker

Perth
Date: 17 November 2008

Independent Audit Report