

Annual report and accounts 2018



the children's charity

improving young lives every day

Annual Report and Accounts 2018

Year ended 31 December 2018

Chief Barker's report

Our purpose is to improve the lives of children and young people throughout the UK living with disability or poor health and disadvantaged by poverty.

Variety, the Children's Charity ('Variety') provides tangible, practical help where it matters most - at home or at school and to other non-profit organisations supporting children and young people.

We help children and their carers through several core programmes: Variety Sunshine Coaches; grants for wheelchairs, assistive and essential non-assistive equipment; memorable experiences in the form of 'Variety Great Days Out' and special projects that improve facilities for Special Education Needs and Disability (SEND) students and children's hospitals.

As we gear up to celebrate our 70th anniversary later in the year, we have helped over one million children in the UK.

8% of children in the UK are disabled. If you are disabled, the cost of living is, on average, £570 per month more when compared to someone without a disability.¹

There are 4.1million children living in poverty in the UK. That's 9 children for every class of 30.²

Unlike most charitable organisations that focus on a single disease, issue or area of need, Variety supports children with any disability, living anywhere in the UK.

As a national charity with regional offices, volunteers or committees in Belfast, Birmingham, Blackpool, Bristol, Cardiff, Eastbourne, Glasgow, Leeds, Liverpool, London, Manchester, Newcastle, Stoke and Swansea, we are able to meet local need on a national scale. To this end, Variety partners with individuals and businesses around the UK who offer significant donations and their time to deliver a long term impact for every child, family, school and children's or youth organisation that Variety helps.

Variety aims to inspire donors and volunteers to help children. The Charity's income is drawn principally from businesses and fundraising events as well as legacies, gifts, and the smaller fundraising activities of local volunteers. Variety's corporate³ and business partners have a freedom to allocate funding to specific programme streams and individual funding applications, with opportunities to work face to face with children through the Variety Great Days Out programme. The Charity has the ability to track each donation directly from the donor to the children they help.

A new constitution was adopted by the Charity in 2018 which allows us to continue to modernize the Charity's governance, in line with all current legislation and practice.

¹ Source: Scope 2016-18

² Source: Child Poverty Action Group 2018

³ <https://www.variety.org.uk/how-you-can-help/corporate-support>

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A new Chief Barker and Chair of the Board of Trustees has also been appointed for 2019. Harold Tillman CBE is an established entrepreneur primarily in the fashion industry and currently chairs the Ethical Fashion Forum. Awarded the Freedom of the City of London in 2011, he was previously the longest serving Chairman of the British Fashion Council, a Trustee of the V&A and Chair of the Fundraising Board for the London College of Fashion. Harold brings this wealth of knowledge to Variety and is developing a number of initiatives to raise the Charity's profile and engage new supporters.

Amongst all of the valuable and life changing work that Variety has undertaken this year, one particular project stands out as exceptional in terms of scale and ambition: a project that underlines the immense value of single minded and consistent campaigning - our first 'Big Build' Project at Springwater School in Harrogate, Yorkshire. The school is benefitting from a £1m investment in a new sensory room, playground and rebound therapy centre thanks, in large part, to the pro-bono support of local corporate partners. The work, which is due to be completed in May 2019, has been driven by the regional team in Yorkshire and is a potential template for future projects. On behalf of all of the Trustees, I am deeply thankful for all of our supporters and enormously grateful for the dedication and support from our paid staff and volunteers. They make a huge difference to the lives of disabled and disadvantaged children all over the UK.

Duncan Syers

Chief Barker and Chair of Trustees 2018

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TRUSTEES 2019

Variety, the Children's Charity

- Malcolm Brenner
- Laurence Davis
- Jonathan Gold
- Trevor Green
- Anthony Harris
- Jason Lewis
- James Martin
- Ronnie Nathan
- Tushar Prabhu
- Stanley A Salter
- William Sangster
- Professor Jonathan Shalit OBE
- Neil Sinclair
- Pamela Sinclair
- Harold Tillman CBE (appointed 26 February 2019)
- Dilaram Williamson

ADMINISTRATIVE INFORMATION

Secretary and registered office:

Stanley A Salter
Variety House
93 Bayham Street
London
NW1 0AG

Charity number:

209259 (England and Wales) SC038505 (Scotland)

Company number:

509811 (England and Wales)

Auditors:

Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

Bankers:

NatWest
2nd Floor, Argyll House
246 Regent Street
London
W1B 3PB

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Trustees' annual report for the year ended 31 December 2018

The Trustees submit their Annual Report and Financial Statements of Variety, the Children's Charity (Variety or the Charity), a company limited by guarantee, for the year ended 31 December 2018.

Structure, governance and management

The Charity currently has 16 Trustees, who are elected every 3 years, with one third due for re-election each year. Trustees cannot serve for more than 9 years (under the new constitution incorporated 2nd January 2018). They convene at least four times each year. There is a supporting committee covering Audit, Finance and Risk which also convenes at least four times each year.

All Trustees give their time voluntarily and receive no benefits from the Charity.

Trustees will be appointed in an open and fair process. A Trustee specification is prepared following a skills audit and taking into consideration the need for a diverse Board of Trustees. This will be advertised externally.

Candidates who apply are interviewed in the first instance by the Chair of the Board of Trustees and then by a selection of Trustees.

Trustee appointments must be approved by a simple majority of Trustees at a Board meeting.

On appointment, Trustees sign a register of interests, which is renewed annually. At each meeting, Trustees are asked to declare any conflicts of interest.

Trustees' induction and ongoing involvement includes visits to the activities delivered by the Charity and presentations of Sunshine Coaches, wheelchairs and other equipment, engagement with beneficiaries, meetings with programme staff, senior staff, volunteers and stakeholders, including funders and corporate supporters.

The Trustees are responsible for governance, strategy, risk management, setting headline objectives and monitoring performance against these objectives. Trustees receive full reports on activities, targets, impact and financial information, including management accounts on a quarterly basis. Business plans and strategic plans are discussed, agreed, amended and revised by the Trustees at board meetings.

To facilitate effective operations, the Chief Executive has delegated authority, within the terms of delegation approved by the Trustees, for the operational matters of the Charity. She reports on performance against the strategic and operational plans approved by the Board.

The Chief Executive meets with the Chair on a regular basis.

The Chief Executive has responsibility for recruitment and management of the senior staff team to ensure that programmes and values are delivered and upheld against plans and priorities agreed by the Board. The Senior Management Team has experience in charity communications and marketing, charity programmes, fundraising, finance, HR and operations and meets on a regular basis with the Chief Executive to discuss operations and strategy.

The Trustees and staff are supported in the business of the Charity by a number of volunteers. There are 160 volunteers who pay an annual subscription and are known as "Barkers". The Chair of Trustees, elected annually for a term of one year, is known as the Chief Barker. Each year, the Trustees elect a number of Barkers to a standing committee (known as "Crew") whose focus is on fundraising, the development of new events and furthering the mission of the Charity.

The Trustees during the year were:

Malcolm Brenner, Laurence Davis, Jonathan Gold, Trevor Green, Anthony Harris, Tony Hatch (resigned 31st December 2018), Jason Lewis, James Martin, Ronnie Nathan, Rodney Natkiel (resigned 9th October 2018), Tushar Prabhu, Stanley A Salter, William Sangster, Professor Jonathan Shalit OBE, Nicholas Shattock (resigned 2nd April 2019), Neil Sinclair, Pamela Sinclair, Duncan Syers (resigned 4th February 2019), Dilaram Williamson

History

Variety was formed in the US in 1927 in Pittsburgh, inspired by an abandoned baby, Catherine Variety Sheridan, found in Sheridan's Theatre. After a press campaign to find her mother, a material need was recognised and the "Variety Club" was formed with the first meeting in a circus tent, hence the terminology of 'Tents' and 'Barkers'. The Charity was created in the UK in 1949 following a dinner at The Savoy hosted by HRH, Prince Philip, the Duke of Edinburgh.

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Objectives and activities

The Memorandum of Association, the governing document of Variety, includes the following purposes:

- to promote and provide for the care and upbringing of sick, disabled and disadvantaged children, up to their nineteenth birthday, within the United Kingdom
- the advancement of education and the relief of financial need of children within the United Kingdom
- to undertake, and to assist others to undertake, research into any illness or affliction affecting children which will advance knowledge and to publish the useful results of such research
- the provision of facilities for recreation and other leisure time occupation for children in the interests of their social welfare with the object of improving the conditions of life for such children.

The Trustees have had regard, where relevant, to the guidance contained in the Charity Commission's general guidance on public benefit when exercising and reviewing the Charity's aims and objectives and in planning the future activities. In particular, the Trustees consider how planned activities and grant making will contribute to the aims and objectives they have set.

The Trustees consider the current policy for making grants ensures a public benefit is delivered.

Meeting our objectives through Variety's work

When statutory funding cannot adequately meet a child's needs and a family's own resources can't stretch far enough, Variety steps in to provide grant funding and memorable experiences for children and young people living with disability or disadvantage wherever they are in the UK. We recognise that each child's situation is unique and so adopt a broad definition of disadvantage to include children and young people living in poverty, looked after children, young carers, children and young people living with long term sickness.

The grants that Variety provides supply vital assistive and essential non-assistive equipment for children and young people aged eighteen and under to improve their independence and safety, increase their dignity or aid their physical, social, emotional or intellectual development. Variety provide grants across four areas of need to eligible individuals and organisations:

1. Manual, powered and sports **wheelchairs**;
2. **Assistive technology** such as car seats, profile beds, sensory equipment, adapted bathroom equipment, tough furniture, walking frames, monitors and more⁴;
3. Accessible transport in the form of our **Sunshine Coaches**;
4. **Special capital build projects** such as playground, sensory space or hospital ward renovation for schools and hospitals.

Applications for individual grants can be made by parents, carers, healthcare professionals or young people themselves. The child or young person for whom the grant application is being made must be 18 or under at the point at which the grant is approved, a permanent resident of the UK and have a recognised disability or long term health condition. Eligibility for funding is then based on Variety's assessment of the family's financial situation, the frequency of use, the family's ability to cover maintenance costs, safe storage and the availability of funding from other sources.

Applications for organisational grants are only accepted from not-for-profit statutory and voluntary organisations such as schools, hospices, hospitals, youth clubs and community organisations with charitable, CIC or other appropriate status.

Each grant application is initially assessed by our staff to ensure it falls within the Charity's funding guidelines. It is then passed to a committee of volunteers to assess the application.

A recommendation for funding is made to a relevant committee of volunteers which is in turn ratified by the Audit, Finance and Risk Committee on behalf of the Trustees. Applicants receive dedicated support from a member of staff and a volunteer assessor through the process in order to ensure they receive the right support at every step.

In addition to our grant-giving programmes, Variety also provides memorable childhood experiences through our Variety Great Days Out programme. These trips out are of the kind that most children take for granted but for whom our beneficiaries may not otherwise have the chance to enjoy. Schools and community groups are responsible for their own

⁴ Variety also provides non-assistive equipment (such as sports equipment, games and musical instruments) for not-for-profit youth organisations as part of this programme.

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transport but Variety takes care of the rest. All of our days out are accessible and designed to support a child or young person's physical, social, emotional and intellectual development, as well as being fun. The Charity works with a network of almost 1,000 schools and children's organisations to ensure that our Variety Great Days Out are available to as many children as possible. We are working to further expand our reach by working with many more schools and children's organisations.

During 2018, the Charity invested in marketing its programmes to healthcare professionals in order to increase awareness of our services and moved to a new electronic management tool for our grant giving programmes. This has enabled greater efficiency in service delivery and enabled more accurate, up to date monitoring.

Providing high quality, practical, bespoke equipment solutions and memorable experiences relevant to a child's needs remains Variety's fundamental objective.

The impact of our programmes

In 2018 Variety provided £3.7m of grants to 289 families and organisations which supported 25,903 children and young people. This equates to a 4% increase in the number of grants made and a 44% increase in the value of the grants compared to 2017. This is accounted for as follows:

- 49 wheelchair grants totalling £240,486;
- 160 assistive and essential non-assistive equipment grants totalling £289,555;
- 79 Sunshine Coach grants totalling £2,479,181;
- 1 specialist capital build project totalling £676,348.

The significant increase in expenditure is due to a 30% increase in the number of Sunshine Coaches delivered and the special capital build project at Springwater School.

In addition, Variety provided 69 different Variety Great Days Out opportunities which were attended by 17,367 children.

In total, the Charity received 402 applications for funding in 2018. The year opened with a further 59 in the pre-approval stages of the application process and closed with 77 new applicants in the pre-approval stages⁵. Of the 384 applications that were assessed, 282 were approved (2017: 73%), 81 were declined (21%), 10 were carried forward into 2019 (3%) and the remaining 11 withdrew their application before a decision was reached (3%).

Variety continues to approve and fund 5.5 grants each week. In addition to the 79 Sunshine Coaches, we provided 210 grants as follows:

- 77 grants for equipment which enables better care such as oxygen pumps, sensory equipment, hoists, orthopaedic seating, profile beds, ramps, defibrillators, adapted bath and tough furniture;
- 49 grants for Wheelchairs which enables a child to be more independent and raises their self esteem;
- 49 grants for sports and play equipment, computers for youth clubs, cookery, art, music and outdoor play equipment;
- 28 grants for equipment which gives a child more mobility such as car seats, spa baths, ramps, walkers and medical devices that stimulate nerves and muscles;
- 7 grants for other items such as communication devices.

The Charity continues to work on developing a suitable impact measurement framework for each of its programmes. Anecdotally we know that the impact of each Variety grant or day out is unique.

We know that some of our beneficiaries use their Sunshine Coach to transport the most vulnerable children to school in order to ensure their attendance while others take families who could not otherwise afford them, out on day trips at the weekend

We also know that our flourishing Wheelchair Programme which to date has donated over 4,100 Wheelchairs enables young people to pursue the sport that they love or maintain their independence when travelling with friends. From enabling greater self-care to providing more inclusive learning environments, Variety's grants improve children's lives all over the UK

⁵ The pre-approval stages refer to applications which are yet to be submitted for consideration to one of our grant giving committees. Each application is assessed individually either in person or through a home visit.

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Here is some of the impact we have delivered in the words of children, parents and teachers:

Dante, now 11, lives in Merseyside and has scoliosis and osteogenesis imperfecta which means he has very brittle bones; he's already experienced 88 different breaks. His mother applied to Variety for a manual wheelchair ahead of him transitioning to secondary school so that he could move around the school easily and independently. Dante was appointed a Young Ambassador for Variety in December live on ITV news (<https://www.variety.org.uk/news/2018/12/dante-enrolled-variety-young-ambassador>) and now regularly speaks at Variety's fundraising events. He puts it very simply:

"I got these wheels from Variety. This is the best thing that's happened to me – it's changed my life".

Jaya, 14, from the West Midlands has quadriplegic cerebral palsy and Crohn's Disease. She cannot walk, has a lot of stomach pain and relies on other people for movement. In February 2018, Variety funded a Phoenix Chair which tilts, reclines and supports her posture properly enabling her to sit comfortably and providing relief from the pain she experiences sitting in her wheelchair. Jaya can control and manoeuvre the chair herself, which puts her in control of her movement for the first time. Before she had the chair her mum tells us that she spent a lot of the day in tears, feeling very unhappy. Now she can enjoy time with her family at home, pain free:

"Before we took receipt of the Phoenix chair, Jaya was constantly in her wheelchair. As she has no ability to support herself her only options were to sit in the chair all day or lie down. Thanks to Variety providing the chair, her life is so much more comfortable. She can straighten her legs, recline, tilt her position and feels more like part of the family as she can recline in her new chair when in the living room. Jaya has told me that this chair has made her life so much more comfortable".

The Canolfan yr Enfys at Ysgol Bro Banw in Ammanford, South Wales, received a 17 seat Sunshine Coach with accessible tail lift in June 2018. The Canolfan (unit) is attended by 60 children from aged 3 – 11 with ASD, severe learning difficulties, physical disabilities and a range of other special needs. 4 children are wheelchair users.

Acting Deputy Head, Anthony May, explains the impact that the new Sunshine Coach had:

"Our new Sunshine Coach has had a really positive effect on the pupils within Canolfan yr Enfys. Our pupils have had the opportunity to take part in 'Bikeability' and even disability skiing which has been hugely beneficial to them. Also, our children in wheelchairs have been able to access hydrotherapy as the pool was too far for us to walk to. I would like to personally thank everyone associated with Variety as the coach has totally enriched the curriculum for our most vulnerable learners. The administration of the new minibus has also been excellent with somebody readily available for any queries we had during the process".

Bensham Manor School in London, is for SEND students who attend Variety Great Days Out regularly, including to Harbour Park in Littlehampton. Head teacher Phil Poulton explains why the day is so important:

"We attend annually and all the children and staff have a wonderful time, it is one of the highlights of the school year. As most of our children live in the outer London suburbs, this is one of the only chances they get to spend time on a beach, build sandcastles, go paddling and have fun on rides at a seaside funfair eating ice lollies. For many of them this was their first time ever seeing the sea in real life, so the memory will stay with them forever and it also brought up some great questions from their awestruck faces, such as: 'Is the sea dangerous?' 'Are there sharks?' and 'What is paddling?'. We really appreciate the impact that Variety has on the lives of the children we work with".

Variety's standout success from 2018 is the Big Build Project at Springwater School in Harrogate which has transformed their playground from a tired, disused area with unsuitable equipment to a brand new state of the art, all inclusive, interactive and sensory stimulating playground. Thanks to pro-bono support from Stonebridge Homes, Kier Construction and Sir Robert McAlpine (amounting to a gift in kind of circa £540,000), Variety has also redeveloped the school's indoor sensory room and built a new 'rebound' therapy centre. All of the children at the school have

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multiple and profound, learning and/or physical disabilities. A large number of children also have autism and present with challenging behaviour. The new playground will encourage social development amongst the students. The necessity of play amongst children is well documented and, crucially, the new facilities will enable every child in the school to play. Sensory environments also have a calming influence, providing children with the opportunity to self-regulate their behaviour.

Fundraising Activities

Variety relies wholly on voluntary funds and our supporters are vitally important to our mission. For that reason we never take support for granted and work hard to ensure that every supporter has a positive and rewarding experience. Our fundraisers and volunteers are committed to acting with professionalism, honesty, respect and transparency.

Variety's fundraising is carried out in line with guidance issued by the Fundraising Regulator and the Institute of Fundraising. We regularly monitor our own and third party fundraising activities and ensure that our policies, guidelines and processes are reviewed and updated.

No complaints against Variety were logged with the Fundraising Regulator during 2018. Variety's complaints procedure is published on our website; in the event of a complaint we would respond within ten working days of receipt and would aim to resolve at the earliest opportunity.

Variety does not use the services of professional fundraisers nor solicit funds directly from the public.

Funds are raised principally through strong corporate partnerships, fundraising and challenge events, trusts, legacies, individual donors and the sale of 'Gold Hearts'.

Crest Nicholson PLC raised more than £358k in 2018 through their divisions holding awards dinners and golf days and employees taking part in challenge events. The total raised for Variety to date is nearly £1.8m.

The Bingo Association raised £350k through fundraising activities at its member clubs by staff and members, taking their total raised to £1.3m over four years.

St. James's Place Charitable Foundation continued supporting the delivery of Sunshine Coaches with 16 sponsored since 2016.

Trust fundraising continued at a steady rate with new funders, Canary Wharf Contractors Fund and The Crerar Trust, each sponsoring a Sunshine Coach for the first time.

Variety's fundraising events are carried out through the Charity's wholly owned subsidiary company, Variety Events Limited. The Company's net profit is donated to Variety, the Children's Charity. The Company saw an increased return on investment across many of its events, most notably the PROPS Lunch which exceeded its fundraising target.

The Patrons of Variety scheme continued to grow in 2018 and the Charity was delighted to welcome four new Patrons during the year. Patrons commit to a £30,000 donation over a three year period.

Challenge event participation continues to be a valuable source of income. Our most successful event was the London Marathon which saw 19 runners jointly raising more than £43,000.

Financial review

The financial statements cover the activities of Variety, the Children's Charity, and its trading subsidiary, Variety Events Limited, for the year ended 31 December 2018. The results are set out on page 17.

A summary of the results of the subsidiary is set out in note 2 to the financial statements.

Incoming resources increased by 8.3% to £7,553,989 over the previous year (2017: £6,973,201). Of this, £2,386,884 was generated through the trading subsidiary (2017: £2,287,356). Donations received totalled £4,047,956 (2017: £3,837,401) and legacy income was £214,697 (2017: £410,849). Intangible

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income was £816,091 (2017: £354,162) including Variety Great Days Out of £269,783 being gift-in-kind value placed on donated outings given for children under this programme, £541,308 for Springwater School Big Build and £5,000 presents for children.

During the year, expenditure on charitable activities was £4,430,736 (2017: £3,361,543) of which £2,614,245 was applied for the purchase of Sunshine Coaches, £321,494 for electric wheelchairs and £1,065,134 for grants to individuals principally for the purchase of specialist care or sensory play adaptive equipment, children's hospitals, and other organisations to help children who are disabled or living with financial disadvantage. £429,863 was applied to Variety Great Days Out activities.

Financial position and reserves policy

To reduce the Charity's liabilities, Variety's charitable giving commitments are conditional upon the raising of specific funds.

The deficit in the year before gains on investments of £200,288 (2017: surplus £22,341) comprised a surplus on unrestricted funds of £71,566 (2017: deficit £101,518) offset by a deficit on restricted funds of £271,854 (2017: surplus £123,859). The deficit on restricted funds results from monies received in 2018 and prior years for specific purposes, being spent in 2018.

Like all charitable organisations, Variety must retain unrestricted reserves to allow the Charity to meet its ongoing commitments and bridge any unforeseen gaps between the spending and receiving of income. The Trustees have set a revised target for unrestricted reserves of 4 months' operating and administration costs by the end of 2020, currently circa £800,000. The position at 31 December 2018 falls short of that target. Unrestricted reserves are monitored quarterly by the Trustees, and during 2019 steps will be taken to reduce that shortfall.

At the end of the year, unrestricted funds were £2,727,650, of which fixed assets, net of the mortgage secured on our head office represented £2,428,141. Thus unrestricted free reserves at 31 December 2018 amounted to £299,509, which is significantly less than

the Charity's target for 2019, but in the Trustees' view is acceptable in the short term and not material in the light of the substantial overall unrestricted funds surplus and ability to borrow in a prudent manner.

The total funds of the charity are £3,710,151 including cash of £1,425,849, which has decreased by £336,576 over the year. The majority of the working capital is in restricted funds reflecting the Charity's commitment to fund as many Sunshine Coaches, wheelchairs and other charitable commitments as practically possible (as fully set out in note 15).

Plans for the future

Work continues to adapt the structure and processes of the Charity. In 2019 we aim to refresh and diversify the Board of Trustees, clarify our strategic direction and complete the appointment of the senior management team.

Following the adoption of a new constitution in 2018, the Charity plans, in 2019, to reduce the Board of Trustees to 16 members. We will also be appointing new Trustees who can bring new skills, new networks and greater diversity to the Board.

Our other main committee, Crew, has become the 'ideas factory' providing help and support for the senior management team in delivering the strategic objectives. The committee's main focus will be in bringing forward fundraising ideas and projects, such as new sustainable events. We will continue to widen and diversify its membership in order to bring fresh ideas and contacts into our fundraising activities.

Our fundraising activities will focus on cultivating new corporate partnerships, streamlining our fundraising events and continuing to improve their return on investment. This will happen under the leadership of a new Director of Fundraising, Marketing and Communications who joined us in April 2019. This new Directorate brings together these previously independent functions, ensuring that our regional and national activities operate efficiently and effectively across the UK. Work will also continue on the Charity's new CRM system to better support our fundraising objectives.

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Variety is delighted to have been selected by Morgan Stanley as one of the five charities they support via their Strategy Challenge Programme for 2019.

Within Variety's charitable programmes, and in addition to our commitment to increase the number of beneficiaries across all programme strands, we are committed to reforming our assessment and funding allocation processes in 2019. This is in order to reduce the length of time it currently takes to assess, and fund, applications that we receive.

Following the 'Big Build' project at Springwater School in 2018, we are undertaking a detailed review of the project to understand how it can be replicated nationally.

Variety is developing a pilot programme for the application of virtual reality ("VR") experiences for SEND students. Variety has been working with a VR company on developing a potential suite of groundbreaking VR teaching and therapy tools for students with severe learning difficulties (SLD), autism and profound and multiple learning disabilities (PMLD).

The Charity is developing a new communications plan to refresh its brand and raise its profile. The 70th anniversary celebrations will provide a great platform for this.

Principal risks and uncertainties

There are a number of risks and uncertainties that can impact on the performance of the Charity, some of which are beyond the control of Trustees.

The Audit, Finance and Risk Committee meets and assesses the major risks to which Variety is exposed, in particular those related to the finances and operations of Variety, and is satisfied that systems are in place to mitigate exposure to the major risks. The key risks are reviewed on an ongoing basis and the current top risks (and their mitigations) are as follows:

- Competition within the charity sector and changes in the public perception of charities;

We will increase our public profile and the public understanding of our work to differentiate ourselves in the sector. We will report positively on the impact of our interventions and have put an emergency media plan in place.

- Insufficient level of unrestricted income;

A 5 year Business Plan is to be developed by the CEO and Board of Trustees. A key strategic objective is to generate higher levels of unrestricted income.

We have recruited an extremely experienced fundraiser as Director of Fundraising, Marketing and Communications who joined us in April 2019. We will improve the return on our fundraising events, focus on securing a higher level of corporate support, as well as developing new fundraising initiatives that deliver unrestricted income.

- The level of income could fall noticeably, whether from donations or trading subsidiary activities;

In such an event, the total of grants committed will have to be reduced. Since grants are paid once the money becomes available, there is limited risk of financial exposure to the Charity. Variety operates an annual planning and budgeting system with an annual budget approved by the Trustees. Reforecasting is done quarterly and all significant budget variations are subject to Trustee approval.

- Perceived poor fundraising ratios due to dependence on fundraising events to raise funds for our work;

We will respect the heritage of Variety and continue running high quality events to improve the return on these events. We will increase our level of corporate fundraising and other income streams while also focusing on cost efficiencies. We will ensure we can clearly explain our fundraising ratios.

- A child safeguarding issue

Variety, the Children's Charity, believes that no child or young person should ever experience abuse at any time. The Charity recognises that it has a responsibility to promote the welfare of all children and young people and to keep them safe. As such, it is committed to practise in a way that protects them and which complies with best practice guidelines. We have a robust Child Safeguarding Policy in place which is reviewed annually in accordance with 'Working Together to Safeguard Children 2018 legislation.

The risk of a safeguarding issue is further mitigated by the fact that we do not work directly with children in the absence of their teachers, parents or other professional carers.

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Investment policy

The Charity's primary investment objective is to maintain the real value of its investments. The Charity does not hold long term cash investments. Since 1998 the Charity has held the freehold interest in a commercial office building from which its Head Office operates and of which 35.51 per cent is sublet under a lease agreement. The investment value of the sublet property, based upon a valuation on 15 April 2019 by Robert Irving Burns Property Consultants, is £1,735,000. All income arising from it is unrestricted income.

In addition, certain office car parking spaces that form part of the curtilage of the freehold office building are rented out on a short term basis.

The Charity's commercial activities are undertaken by its wholly owned subsidiary, Variety Events Limited. The investment in this subsidiary is shown at cost in the accounts and all profits are donated under Gift Aid to the Charity.

Investment property and quoted securities arising from legacies are managed by the Charity until disposal.

Employees and volunteers

Variety employs 40 people (both full-time and part-time) in its offices across England and Scotland. The Charity depends on the commitment and hard work of these staff, who are highly valued. Traditionally, Variety is a volunteer-run charity and relies heavily on volunteer involvement for the running of its many events, including fundraising events and Variety Great Days Out. The Trustees are enormously indebted to these volunteers for their continued support.

Volunteers assist us in a diverse range of roles and activities, at many levels, and throughout the UK. For example, volunteers serve on committees across England and Scotland, for the following aspects of the Charity's activities:

- Events
- Fundraising
- Programmes
- Special projects

Management remuneration policy

The Trustees appointed a CEO who took up the post in September 2018, for whom they retain and exercise their responsibility for setting pay.

All other key management personnel are appointed by the CEO.

Appointments at this level are considered on a case-by-case basis, and take into account the following factors:

- The Charity's ability to pay the wages of senior staff
- The types of skills, experiences and competencies the Charity needs from its senior staff and the scope of the role being recruited
- The Charity's objectives and the number and nature of senior staff needed to fulfil these
- The impact of market rates on appointments

Equal opportunities

Variety is committed to the principle and practice of equal opportunities and aims to be an equal opportunities employer. Variety's employment policy aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of sex, marital status, ethnic origin, disability, age, class, colour, HIV/AIDS status, personal circumstances, sexual orientation or any other grounds which are unjustifiable in terms of equality of opportunity for all.

Auditors

Saffery Champness LLP have expressed their willingness to remain in office as auditors of the company.

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Statement of Trustees' responsibilities

The Trustees (who are also directors of Variety, the Children's Charity, for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006, relating to small companies.

Approved on behalf of the Trustees by

.....
Stanley A Salter

.....
Date

Annual Report and Accounts 2018

Independent auditor's report to the Trustees and members

Opinion

We have audited the financial statements of Variety, the Children's Charity for the year ended 31 December 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charitable company as at 31 December 2018 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and

we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Annual Report and Accounts 2018

Other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report which includes the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the group or the parent charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report in preparing the Trustees' Annual Report.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Annual Report and Accounts 2018

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Liz Hazell (Senior Statutory Auditor)

for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Notes	Unrestricted funds	Restricted funds	Total 2018	Unrestricted funds	Restricted funds	Total 2017	
	£	£	£	£	£	£	
Income and expenditure							
Income from:							
Donations and legacies							
	Donations, including tax credits	1,015,433	3,032,523	4,047,956	1,077,091	2,760,310	3,837,401
	Legacies and bequests	214,697	-	214,697	410,849	-	410,849
5	Intangible income	-	816,091	816,091	24,022	330,140	354,162
Other trading activities							
2	Turnover of trading subsidiary	1,951,552	435,332	2,386,884	1,888,979	398,377	2,287,356
Investments							
	Rental income	88,350	-	88,350	83,426	-	83,426
3	Investment income and interest	11	-	11	6	1	7
Total	3,270,043	4,283,946	7,553,989	3,484,373	3,488,828	6,973,201	
Expenditure on:							
Raising funds							
5	Expenditure on raising donations and legacies	870,445	7,037	877,482	814,030	133,167	947,197
Expenditure on other trading activities:							
2	Cost of sales of trading subsidiary	1,170,424	197,819	1,368,243	1,130,988	243,291	1,374,279
5	Events support	837,818	239,998	1,077,816	1,264,226	3,615	1,267,841
		2,878,687	444,854	3,323,541	3,209,244	380,073	3,589,317
Charitable activities							
	Sunshine Coaches	8,497	2,605,748	2,614,245	105,331	1,982,236	2,087,567
	Wheelchairs	82,251	239,243	321,494	26,887	373,015	399,902
	Grants	112,535	952,599	1,065,134	137,928	251,302	389,230
	Variety Great Days Out	116,507	313,356	429,863	106,501	378,343	484,844
		319,790	4,110,946	4,430,736	376,647	2,984,896	3,361,543
Total	3,198,477	4,555,800	7,754,277	3,585,891	3,364,969	6,950,860	
Net income/ (expenditure) before gains on investments							
		71,566	(271,854)	(200,288)	(101,518)	123,859	22,341
9	Net gains on investments	1,069,186	-	1,069,186	-	-	-
Net income/ (expenditure) and net movement in funds							
		1,140,752	(271,854)	868,898	(101,518)	123,859	22,341
7 Reconciliation of funds							
	Total funds brought forward	1,586,898	1,254,355	2,841,253	1,688,416	1,130,496	2,818,912
14,15	Total funds carried forward	2,727,650	982,501	3,710,151	1,586,898	1,254,355	2,841,253

All amounts relate to continuing activities.

All recognised gains and losses are included in the consolidated statement of financial activities.

The notes on pages 21 to 30 form part of these financial statements.

Variety, the Children's Charity
Consolidated Balance Sheet
At 31 December 2018

Notes		2018		2017
		£		£
	Fixed assets			
8	Tangible assets	1,751,891		1,784,427
9	Investments	<u>1,735,000</u>		<u>665,814</u>
		<u>3,486,891</u>		<u>2,450,241</u>
	Current assets			
10	Debtors	499,764	340,222	
	Cash at bank and in hand	<u>1,425,849</u>	<u>1,762,425</u>	
		<u>1,925,613</u>	<u>2,102,647</u>	
11	Creditors: amounts falling due within one year	<u>684,642</u>	<u>652,885</u>	
	Net current assets	<u>1,240,971</u>		<u>1,449,762</u>
	Total assets less current liabilities	<u>4,727,862</u>		<u>3,900,003</u>
12	Creditors: amounts falling due after more than one year	<u>1,017,711</u>		<u>1,058,750</u>
	Total net assets	<u>3,710,151</u>		<u>2,841,253</u>
	The funds of the group:			
15	Restricted income funds	982,501		1,254,355
14	Unrestricted funds	<u>2,727,650</u>		<u>1,586,898</u>
	Total group funds	<u>3,710,151</u>		<u>2,841,253</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The parent charity has taken advantage of the legal dispensation not to present its own income and expenditure account as permitted under Section 408(3) of the Companies Act 2006. The charity's net income for the year was £868,898 (2017: net income of £22,341)

These financial statements were approved by the Board of Trustees on 15th May 2019.

Trustees

Stanley A Salter

Harold Tillman

The notes on pages 21 to 30 form part of these financial statements.

Notes	2018	2017
	£	£
Fixed assets		
8 Tangible assets	1,751,891	1,784,427
9 Investments	<u>1,735,100</u>	<u>665,914</u>
	3,486,991	2,450,341
Current assets		
10 Debtors	968,037	1,412,095
Cash at bank and in hand	<u>761,470</u>	<u>581,258</u>
	1,729,507	1,993,353
11 Creditors: amounts falling due within one year	<u>488,636</u>	<u>543,691</u>
Net current assets	1,240,871	1,449,662
Total assets less current liabilities	4,727,862	3,900,003
12 Creditors: amounts falling due after more than one year	1,017,711	1,058,750
Total net assets	3,710,151	2,841,253
The funds of the charity:		
15 Restricted income funds	982,501	1,254,355
14 Unrestricted funds	<u>2,727,650</u>	<u>1,586,898</u>
Total charity funds	3,710,151	2,841,253

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the Board of Trustees on 15th May 2019.

Trustees

Stanley A Salter

Harold Tillman

The notes on pages 21 to 30 form part of these financial statements.

Company number 509811

Notes	2018	2017
	£	£
21 Net cash (used in) provided by operating activities	(281,830)	400,972
Cash flows from investing activities:		
Dividends, interest and rent from investments	11	7
Purchase of tangible fixed assets	<u>(13,718)</u>	<u>(30,637)</u>
Net cash used in investing activities	<u>(13,707)</u>	<u>(30,630)</u>
Cash flow from financing activities:		
Repayments of borrowing	<u>(41,039)</u>	<u>(38,853)</u>
Net cash used in investing activities	<u>(41,039)</u>	<u>(38,853)</u>
Change in cash cash equivalents in the year	<u>(336,576)</u>	<u>331,489</u>
Cash and cash equivalents at the beginning of the year	1,762,425	1,430,936
Cash and cash equivalents at the end of year	<u>1,425,849</u>	<u>1,762,425</u>

The notes on pages 21 to 30 form part of these financial statements.

1 Accounting Policies

- 1.1 The financial statements have been prepared under the historical cost convention, subject to the revaluation of freehold and investment property and are in accordance with applicable accounting standards (FRS 102), and Charities SORP (FRS 102), and the Companies Act 2006.

Variety, the Children's Charity (Variety) is a charitable company limited by guarantee incorporated in England and Wales.

Variety meets the definition of a public benefit entity under FRS 102. The Trustees have considered the level of funds held and the expected income and expenditure for 2019. The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist.

The following principal accounting policies have been applied:

1.2 Income and expenditure

All incoming resources, including legacies, are recognised as income when Variety is entitled to the income, that it is probable the income will be received and the amount can be measured reliably.

Expenditure is included on an accruals basis and includes irrecoverable VAT. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Grants payable are charged in the year where the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions are no longer seen to be within the control of the Trustees. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

- 1.3 Intangible income has been included in the financial statements at a valuation which is an estimate of the market value of the services provided, where such a cost is quantifiable and measurable.

In accordance with the Charities SORP (FRS 102), the general volunteer time of the committee members and other volunteers is not recognised. However, the Trustees' annual report provides more information about their contribution.

- 1.4 Expenditure on raising funds are those costs which are incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- 1.5 Charitable activities include grants and donations applied for the purchase of Sunshine Coaches and electric wheelchairs, grants for the benefit of individuals, hospitals and other organisations to help sick and disabled children. These include both the direct costs and support costs relating to the various activities.

- 1.6 Support costs include central activities and have been allocated to activity costs categories on a basis consistent with the use of resources e.g. costs allocated by time spent per member of staff. The bases on which support costs have been allocated are set out in note 5.

- 1.7 Governance costs, which are included in support costs include those incurred in the governance of the Charity and its assets and are primarily associated with constitutional and statutory requirements.

1.8 Basis of consolidation

The consolidated accounts incorporate the financial statements of Variety, the Children's Charity (Variety) and its subsidiary undertaking, Variety Events Limited (Events).

1.9 Restricted funds

Where a donor has specified a particular purpose for a donation, all transactions have been reflected within restricted funds. Movements in these funds are detailed in note 15 to the financial statements.

1.10 Depreciation

Variety took the option under FRS 102 to treat the previous valuation of the freehold land and property as deemed cost. Other tangible fixed assets are carried at historical cost. Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated on the original cost (or valuation) of the assets at the following rates:

Office equipment	-	20% to 33% per annum
Freehold building	-	2% per annum
Motor vehicles	-	25% per annum

No depreciation is charged on land with a value of £625,000. There is no set limit below which fixed assets are not capitalised.

1.11 Pension costs

Contributions to Variety's money purchase group personal pension plan are charged to the Statement of Financial Activities in the accounting period in which they are payable.

1.13 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the Statement of Financial Activities.

1.14 Variety only has financial instruments and financial liabilities of a kind that qualify as basic financial instruments. Basic financial assets, including trade and other debtors, and cash and bank balances, are initially recognised at the transaction price. Such assets are subsequently carried at amortised cost using the effective interest method, less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party.

Basic financial liabilities, including trade and other creditors, and loans from third parties are initially recognised at the transaction price. Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are initially recognised at the transaction price and are subsequently carried at amortised cost using the effective interest method.

Debt instruments include bank loans and mortgages. These are subsequently carried at amortised cost using the effective interest method.

1.15 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The freehold property comprises three floors, two of which are occupied by Variety and the third floor, is let at a commercial rent. The third floor investment property was revalued at £1.735m on 15 April 2019 by Robert Irving Burns Limited, 29-30 Fitzroy Square, London W1T 6LQ. The market value is based on the long leasehold interest, with the existing tenancy. The figure is based on the property's current condition and assumes a reasonable marketing period of six months prior to the date of valuation.

The Charity estimates the market value of intangible income using publicly available price lists, or through direct confirmation with the suppliers of the amount that would have been charged had the gift or donated service been invoiced.

2 Net income from trading activities of subsidiary

The principal activity of the subsidiary, Variety Events Limited (company no. 02280720), is the organisation and promotion of fund-raising activities and the sale of Gold Hearts and other merchandise on behalf of Variety. A summary of the results is set out below. Audited accounts are filed with the Registrar of Companies.

Profit and loss account	2018	2017
	£	£
Turnover	2,386,884	2,287,356
Cost of sales	1,368,243	1,374,279
Gross profit	1,018,641	913,077
Fundraising and publicity	630,208	675,997
Management and administration (payable to the Charity)	16,440	15,960
Net profit	371,993	221,120
Gift aid donation to Charity	371,993	221,120
Retained profit	-	-

The aggregate of the assets, liabilities and funds was:

Assets	1,014,891	1,330,929
Liabilities	(1,014,791)	(1,330,829)
Funds (representing 100 ordinary shares of £1 each)	100	100

3 Investment income

	2018	2017
	£	£
Interest	11	7
	11	7

4 Employees

Staff costs	2018	2017
	£	£
Wages and salaries	1,316,597	1,422,661
Social security costs	113,515	140,692
Other pension costs	59,341	84,497
	1,489,453	1,647,850

The average number of employees during the year was as follows:

	2018	2017
Fundraising	10	12
Events	16	16
Sunshine Coaches	2	2
Wheelchairs	1	2
Grants	1	2
Variety Great Days Out activities	1	1
Support	8	10
	39	45

Included in the above is a termination payment of £6,437 (2017 nil)

The number of employees whose total remuneration (excluding pension) exceeded £60,000 was as follows:

	Number 2018	Number 2017
£60,000 to £69,999	1	1
£70,000 to £79,999	1	2
£80,000 to £89,999	-	1

The key management personnel of Variety comprises the Trustees, the Chief Executive Officer and Senior Management Team. The total combined contractual benefits of the key management personnel of Variety was £303,309 (2017: £448,381).

Variety, the Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2018

5 Expenditure

Staff costs are apportioned using estimates of time spent by employees on the respective activities. Depreciation has been apportioned based on staff numbers. Other costs have been directly allocated where applicable, e.g. cost of sales of trading subsidiary, grants and donations made and Variety Great Days Out activities. Other costs have been apportioned to raising funds and charitable activities according to staff numbers by activity.

	Staff costs (£)		Other costs (£)		Apportion basis (staff numbers)	Direct	Total Staff Costs	Apportion basis (staff numbers)	Direct	Total Other costs	Apportion basis (staff numbers)	Allocated Support Costs	Grand Total	Depreciation (£)	Grants (£)	2018 Total	2017 Total
	Direct	Apportion	Allocated Support Costs	Total Staff Costs													
Expenditure on:																	
<i>Raising funds</i>																	
Expenditure on raising donations and legacies	400,075	31.5%	90,864	490,939	177,466	177,466	490,939	31.5%	194,504	371,970	14,573	-	877,482	-	877,482	947,197	
Expenditure on other trading activities	-	-	-	-	1,368,243	1,368,243	-	-	-	1,368,243	-	-	1,368,243	-	1,368,243	1,374,279	
Cost of sales of trading subsidiary	598,389	50.3%	145,237	743,626	-	743,626	-	50.3%	310,896	310,896	23,294	-	1,077,816	-	1,077,816	1,267,841	
Events support	998,464		236,101	1,234,565	1,545,709	1,545,709			505,400	2,051,109	37,867	-	3,323,541	-	3,323,541	3,589,317	
<i>Charitable activities</i>																	
Sunshine Coaches	76,234	6.2%	17,773	94,007	160	94,007	160	6.2%	38,046	38,206	2,851	2,479,181	2,614,245	2,479,181	2,614,245	2,087,567	
Wheelchairs	42,270	4.1%	11,735	54,005	-	54,005	-	4.1%	25,121	25,121	1,882	240,486	321,494	1,882	240,486	399,902	
Grants	53,594	4.8%	13,825	67,419	-	67,419	-	4.8%	29,595	29,595	2,217	965,903	1,065,134	2,217	965,903	389,230	
Variety Great Days Out	30,506	3.1%	8,949	39,455	-	39,455	-	3.1%	19,155	19,155	1,435	369,818	429,863	1,435	369,818	484,844	
	202,604		52,282	254,886	160	254,886	160		111,917	112,077	8,385	4,055,388	4,430,736	8,385	4,055,388	3,361,543	
	1,201,068	100.0%	288,383	1,489,451	1,545,869	1,545,869		100.0%	617,317	2,163,186	46,252	4,055,388	7,754,277	46,252	4,055,388	6,950,860	

An analysis of 2018 grants and donations is contained in note 19 to the financial statements. The value of support costs allocated to grant making activities was £164,199 (2017: £178,353).

Total expenditure includes £816,091 an equivalent amount being described as intangible income (Gift in Kind) in the Statement of Financial Activities. This comprises £269,783 in respect of Variety Great Days Out activities and £546,308 in respect of grants to institutions (part of direct charitable expenditure).

Analysis of support cost	Staff		Other	Total	Raising donations 31.5%	Event support 50.3%	Charitable activities 18.2%	Grand Total 100%	Basis of allocation
	£	£							
Governance/Legal	22,953	108,698		131,651	41,470	66,286	23,895	131,651	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.
Finance & Administration	133,140	-		133,140	41,939	67,036	24,165	133,140	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.
IT & Database	38,796	74,851		113,647	35,799	57,221	20,627	113,647	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.
Office costs	9,678	253,606		263,284	82,961	132,669	47,654	263,284	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.
HR/Staff related costs	15,820	89,134		104,954	33,061	52,844	19,049	104,954	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.
Media/Publicity	61,213	24,825		86,038	27,102	43,320	15,616	86,038	Costs relate to publicity involved in raising the charity's profile. They have been allocated to fundraising
Other support costs	6,783	66,203		72,986	23,036	36,757	13,193	72,986	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.
Function Total	288,383	617,317		905,700	285,368	456,133	164,199	905,700	

6 Trustees

None of the Trustees received either remuneration or reimbursed expenditure during this financial year or the last financial year. However, some Trustees received payments for professional or other services supplied to the Charity or its subsidiary in the year. These payments are set out in note 25.

The total amount of donations received from the Trustees or their companies during the year was £2,830 (2017: £19,946).

Variety purchased insurance costing £310 (2017: £365) to protect it from loss arising from neglect or default of the Trustees and to indemnify the Trustees against the consequences of neglect or default on their part.

7 Net income/expenditure is stated after charging:	2018 £	2017 £
Depreciation		
- office equipment	22,070	18,975
- freehold building	24,184	24,184
Auditors' remuneration - audit	31,620	30,720
Auditors' remuneration - taxation services	4,614	2,520
Operating lease expenditure	21,690	24,016

8 Tangible assets

Group and company	Freehold land and buildings £	Office equipment £	Total £
Cost			
1 January 2018	2,279,182	83,477	2,362,659
Additions	-	13,718	13,718
31 December 2018	<u>2,279,182</u>	<u>97,195</u>	<u>2,376,377</u>
Depreciation			
1 January 2018	541,732	36,500	578,232
Charge for the year	24,184	22,070	46,254
31 December 2018	<u>565,916</u>	<u>58,570</u>	<u>624,486</u>
Net book value at 31 December 2018	<u>1,713,266</u>	<u>38,625</u>	<u>1,751,891</u>
Net book value at 31 December 2017	<u>1,737,450</u>	<u>46,977</u>	<u>1,784,427</u>

9 Fixed asset investments

	Notes	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Investment in subsidiary	(a)	-	100	-	100
Investment property	(b)	<u>1,735,000</u>	<u>1,735,000</u>	665,814	665,814
		<u>1,735,000</u>	<u>1,735,100</u>	665,814	665,914

(a) Variety owns all the issued shares (100 Ordinary shares of £1 each) in Variety Events Limited, a Company which is registered and operates in England (Variety House, 93 Bayham Street, London NW1 0AG) and whose main activity is the organisation and promotion of fund-raising activities and the sale of Gold Hearts and other merchandise on behalf of Variety. These are included in the financial statements at cost.

(b) The freehold property comprises three floors, two of which are occupied by Variety and the third floor, is let at a commercial rent. The third floor investment property was revalued at £1.735m on 15 April 2019 by Robert Irving Burns Limited, 29-30 Fitzroy Square, London W1T 6LQ resulting in a revaluation gain of £1,069,186. The market value is based on the long leasehold interest, with the existing tenancy. The figure is based on the property's current condition and assumes a reasonable marketing period of six months prior to the date of valuation.

10 Debtors	Group	Company	Group	Company
	2018		2017	
	£	£	£	£
Trade debtors	320,140	27,311	104,741	251
Amounts due from subsidiary undertaking	-	818,785	-	1,221,635
Other debtors	125,085	99,193	174,924	150,137
Prepayments and accrued income	54,539	22,748	60,557	40,072
	499,764	968,037	340,222	1,412,095

All debtors are due within one year.

11 Creditors: amounts falling due within one year	Group	Company	Group	Company
	2018		2017	
	£	£	£	£
Accruals for grants payable	294,353	294,353	260,180	260,180
Mortgage (secured - see note 12)	41,039	41,039	38,853	38,853
Trade creditors	101,760	58,627	229,244	198,751
Accruals and deferred income	193,606	81,117	103,282	39,642
Taxation and social security	-	-	17	17
Other creditors	53,884	13,500	21,309	6,248
	684,642	488,636	652,885	543,691

The movement in creditors for grants and donations is as below:

	2017	Charge for the year	Payments	2018
	£	£	£	£
Wheelchairs	132,105	236,673	(313,424)	55,354
Sunshine Coaches	61,607	2,479,181	(2,504,084)	36,704
General grants	66,468	419,594	(283,767)	202,295
	260,180	3,135,448	(3,101,275)	294,353

Deferred income

Deferred income comprises advance ticket sales for various events, London Marathon registration fees and rental income received in advance.

	Group	Company
	£	£
Balance as at 1 January 2018	47,680	4,469
Amount released to income earned	(47,680)	(4,469)
Amount deferred in year	115,510	89,505
Balance as at 31 December 2018	115,510	89,505

12 Creditors: amounts falling due after one year

Group and company	2018	2017
	£	£
Mortgage (secured)	1,017,711	1,058,750
	1,017,711	1,058,750

Mortgage (secured)

The mortgage is secured on Variety's freehold land and building and is repayable over the remaining period of 10 years at an interest rate of 5.51% per annum as follows:

	£	£
In more than one year but not more than two years	43,347	41,039
In more than two years but not more than five years	145,227	137,493
In more than five years	829,138	880,218
	1,017,712	1,058,750

The proportion of the loan to the value of the assets charged is:

	30%	42%
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13 Analysis of group net assets between funds

	2018	2018	2018
	Unrestricted	Restricted	Total
	funds	funds	funds
	£	£	£
Fixed assets	3,486,891	-	3,486,891
Current assets	1,159,612	766,001	1,925,613
Current liabilities	(629,288)	(55,354)	(684,642)
Long-term liabilities	(1,017,711)	-	(1,017,711)
Total net assets	2,999,504	710,647	3,710,151

	2017	2017	2017
	Unrestricted	Restricted	Total
	funds	funds	funds
	£	£	£
Fixed assets	2,450,241	-	2,450,241
Current assets	716,187	1,386,460	2,102,647
Current liabilities	(520,780)	(132,105)	(652,885)
Long-term liabilities	(1,058,750)	-	(1,058,750)
Total net assets	1,586,898	1,254,355	2,841,253

14 Unrestricted funds

Group and company	2018	2017
	£	£
At 1 January 2018	1,586,898	1,688,416
Net incoming/(outgoing) resources for the year before transfers	1,140,752	(101,518)
At 31 December 2018	2,727,650	1,586,898

15 Restricted funds

Group and company	2018	2018	2018	2018
	Opening	Income	Expenditure/ transfers	Closing
	Balance	£	£	Balance
	£	£	£	£
Sunshine Coaches	249,049	2,011,232	(2,213,016)	47,265
Wheelchair Programme	172,703	348,487	(321,978)	199,212
Variety Club Golf Society	214,843	840,284	(738,013)	317,114
Special Purpose Funds	524,673	1,083,943	(1,282,793)	325,823
Kings College Hospital	93,087	-	-	93,087
	<u>1,254,355</u>	<u>4,283,946</u>	<u>(4,555,800)</u>	<u>982,501</u>

	2017	2017	2017	2017
	Opening	Income	Expenditure/ transfers	Closing
	Balance	£	£	Balance
	£	£	£	£
Sunshine Coaches	342,876	1,650,409	(1,744,236)	249,049
Wheelchair Programme	232,411	313,307	(373,015)	172,703
Variety Club Golf Society	184,757	648,159	(618,073)	214,843
Special Purpose Funds	277,365	876,953	(629,645)	524,673
Kings College Hospital	93,087	-	-	93,087
	<u>1,130,496</u>	<u>3,488,828</u>	<u>(3,364,969)</u>	<u>1,254,355</u>

Sunshine Coaches

The fund comprises monies raised to provide Sunshine Coaches which are presented to schools, hospitals, children's homes and other such organisations throughout the UK.

Wheelchair Programme

The Wheelchair Programme Committee raises funds to deal with the heavy demand for indoor/outdoor electric wheelchairs and sports/lightweight wheelchairs which are not currently provided by the NHS.

Variety Club Golf Society

The Variety Club Golf Society assists Variety by organising Golf events, the funds of which are used to purchase Sunshine Coaches.

Special Purpose Funds

Other restricted funds are raised to help sick, disabled and disadvantaged children and young people.

Kings College Hospital

Funds raised to contribute to the building of a new wing at the Variety Children's Hospital at King's.

16 Taxation status

Variety is a registered charity and is exempt from corporation tax on its charitable income, provided this is spent on charitable purposes.

The subsidiary undertaking's profits are donated to Variety under gift aid. Accordingly there is no provision for taxation on its profit for the year.

17 Members' liability

As Variety is limited by guarantee, there is no share capital. At 31 December 2018, there were 19 members (2017 - 20), each of whom have undertaken to contribute to the assets in the event of Variety being wound up, such amount as may be required, not exceeding £1.

18 Grants and donations

	Individuals £	No	Institutions £	No	Total £	No
Grants	189,815	101	776,088	60	965,903	161
Sunshine Coaches	-	-	2,479,181	79	2,479,181	79
Wheelchairs	240,486	49	-	-	240,486	49
	<u>430,301</u>	<u>150</u>	<u>3,255,269</u>	<u>139</u>	<u>3,685,570</u>	<u>289</u>

Analysis of grants £5,000 and over made to institutions:

	£
Springwater School, Harrogate	676,347
Northcott School, Hull	39,520
Calthorpe Academy, Birmingham	39,320
Cromwell High School, Duckinfield	39,310
Oaklands School, Islewoth	39,270
Lancaster School, Westcliff on Sea	39,270
Buddies Clubs & Services, Glasgow	39,270
Nairn Academy, Nairn	39,270
Pear Tree Special School, Kirkham	39,270
Woodlands School, Luton	39,270
St Francis Special School, Fareham	39,270
West Hill School, Leatherhead	39,270
Ysgol Bro Banw Special, Ammanford	39,270
Greenside School, Stevenage	39,270
Elmwood & Penrose, Bridgwater	39,270
Mary Rose Academy, Southsea	39,270
Whitchurch Academy, Cardiff	39,270
Woodlands School, Luton	39,270
North Beckton Primary, London	39,270
Fitzwaryn School, Wantage	39,270
Haysholm School, Irvine	39,270
Linwood School, Bournemouth	39,270
Hazel Court School, Eastbourne	39,270
Hillside School, Sudbury	39,270
Priestley Smith School, Birmingham	39,270
Delius Special School, Bradford	39,270
Pathfield School, Barnstaple	39,270
Wyvern Academy, Weymouth	39,270
The Shrubberies School, Stonehouse	39,270
West Hill School, Leatherhead	39,270
Cliffdale Primary, Portsmouth	39,145
Zoe's place, Middlesborough	38,959
Islington Boat Club, London	36,704
Laburnum Boat Club, London	35,620
Icknield school, Andover	34,836
Limpsfield Grange School, Oxted	34,836
Holly Grove School, Burnley	34,836
Sandside Lodge School, Ulverston	34,836
Ridgeway School, Farnham	34,836
St Francis Special School, Fareham	34,836
Redbridge High School, Liverpool	34,836
Oscars, Jarrow	34,836
Northern Counties School, Newcastle Upon Tyne	34,836
Ysgol Crug Glas, Swansea	34,836
Balance carried forward	<u>2,314,305</u>

18 Grants and donations (continued)	£
Balance brought forward	2,314,305
Corpus Christi Youth Centre, Belfast	29,564
Dame Ellen Pinsent School, Birmingham	29,204
Mill Field Primary, Leeds	29,204
Marion Centre, Cardiff	29,204
Papillion House, Tadworth	29,204
Stonelodge School, Ipswich	29,204
Columbia Grange School, Washington	29,204
Gesher School, London	27,454
Abbey Manor College, London	27,011
Bradstow School, Broadstairs	27,011
Rosebrook Primary, Stockton-on -Tees	27,011
Thomas Berwick School, Newcastle upon Tyne	27,011
Lindfield School, Eastbourne	27,011
Sunnydown School, Caterham	27,011
Furzedown school, London	27,011
Abbey Manor College, London	27,011
Bradstow School, Broadstairs	27,011
Elmwood & Penrose, Bridgwater	27,011
St Pauls CE Primary, Bury	27,011
Coloma Convent Girls School, Croydon	27,011
Hob Moor Oak (Ebor Trust), York	27,011
John Flamstead Community, Denby	27,011
North Beckton Primary, London	27,011
Greenside School, Stevenage	27,011
Rowan School, Sheffield	27,011
Rosebank School, Bamton	27,011
Manor Green Primary School, Crawley	26,886
Oaktree School, London	23,270
Kingsbury Primary School, Skelmersdale	22,270
Woodeaton Manor School, Oxford	16,261
The Court School, Cardiff	16,261
Cromwell Learning, Birmingham	16,261
Pear Tree Infant School, Kirkham	8,822
Pinfold Primary, Ormskirk	8,655
Oak View School, Loughton	8,000
Sandfield Park School, Liverpool	6,652
The Foreland School, Kent	6,000
Wellspring Therapy, Harrogate	5,719
Corbets Tey School, Upminster	5,000
Scottish Professional Football League Trust, Glasgow	5,000
Donations under £5,000	47,467
	<u>3,255,269</u>

19 Commitments

As at 31 December 2018, Variety was committed to supplying Sunshine Coaches totalling £899,947 (2017: £699,441) conditional upon raising specific funds to finance the cost of the coaches. Provision is only made in the financial statements when the specific funds have been raised.

20 Pensions

Variety operates a money purchase group personal pension plan. There are a number of individual pension plans to which Variety contributes.

21 Reconciliation of net (expenditure)/ income to net cash flow from operating activities	2018	2017
	£	£
Net income for the reporting period	868,898	22,341
Adjustments for:		
Depreciation charges	46,254	43,159
Gains on investments	(1,069,186)	
Dividends, interest and rent from investments	(11)	(7)
(Decrease)/ increase in debtors	(159,542)	57,331
Increase in creditors	31,757	278,148
Net cash (used in) provided by operating activities	<u>(281,830)</u>	<u>400,972</u>

22 Financial Instruments

	Group 2018 £	Company £	Group 2017 £	Company £
Financial assets/(liabilities) measured at amortised cost:				
Cash at bank and in hand	1,425,849	761,470	1,762,425	581,258
Debtors	499,764	968,037	340,222	1,412,095
Creditors	(684,642)	(488,636)	(652,885)	(543,691)
Financial assets included at fair value:				
Investments	1,735,000	1,735,100	665,814	665,914

23 Operating lease commitments

At 31 December 2018, the group had future lease payments of £50,703 (2017 - £31,038) under non-cancellable operating leases as set out below.

	Office Equipment	
	2018 £	2017 £
Operating leases which expire:		
Less than 1 year	17,971	18,660
Between 1 and 2 years	10,544	9,902
Between 3 and 5 years	22,188	2,476
	<u>50,703</u>	<u>31,038</u>

24 Ultimate controlling party

The ultimate controlling party of Variety is Variety Club of Great Britain (Tent 36), which has the power to appoint and remove Trustees of the Charity.

25 Transactions with trustees and connected persons

During the year, as permitted and subject to strict protocols, the Group entered into the following arrangements in which the following Trustees had an interest:

Northern Commercials (Mirfield) Limited £2,479,181 payable (2017: £1,882,343) for the Sunshine Coaches, a company of which Mr William Sangster is a consultant.

Legal fees of £2,600 (2017 nil) payable to Howard Kennedy LLP, a firm of which Mr Jason Lewis was a partner.

At the year end the following were owed to Variety for the purchase of sponsorship at events.

Mr Jason Lewis nil (2017: £1,540), Vetiver Properties Ltd £5,000 (2017: £6,670) (Mr Jason Lewis's wife is a director and shareholder of this company),

Northern Commercials (Mirfield) Limited £96,000 (2017: nil) (Mr William Sangster is a consultant to this company),

In addition, during the year, as permitted and subject to strict protocols, the Group paid:

The Neil Drover Agency £15,300 (2017: £16,804) for rent and other services. Mr Neil Drover, who is a past regional chairman and committee member, is a proprietor of that business.

The AAA Mobility nil (2017: £2,400) for supply of wheelchairs. Mrs Frances Cornelius, who is a committee chair, is a proprietor of that business.