

Annual report and accounts 2017



the children's charity

improving young lives every day

Annual Report and Accounts 2017

Chief Barker's report

Year ended 31 December 2017

Variety, the Children's Charity ("Variety") provides direct help to children and young people up to their 19th birthday who are living with illness, disability or financial disadvantage. Variety steps in where statutory healthcare, support and funding ends to ensure that children have the support they need to reach their potential and thrive, regardless of their health, mobility, abilities and economic background.

Almost 1 in 5 people in the UK have a disability (19%) and the cost of bringing up a disabled child is estimated to be 3 times that of a non-disabled child. 40% of disabled children in the UK live in poverty¹. This means 320,000 disabled children, with almost a third of those classified as living in 'severe poverty'. 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 and volunteers in Belfast, Blackpool, Birmingham, Bristol, Cardiff, Eastbourne, Exeter, 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, with the charities income drawn from legacies, gifts, businesses, major fundraising events and the smaller fundraising activities of local volunteers. Variety's corporate² 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 Great Days Out programme. The charity has the ability to track each donation directly from the donor to the children they help. A significant amount of income comes through industry and show business related events and since its founding in 1949, the charity has enjoyed generous support from celebrity ambassadors, many of whom are also members of the Variety Club Golf Society which raises vital funds for our famous Sunshine Coaches. On behalf of everyone involved in Variety, I wish to record our thanks for our generous spirited ambassadors, corporate supporters, individual donors and volunteers across the country. Their support enables us to keep giving tangible assistance to those children who need our help.

We were proud of the Variety beneficiaries that competed in the World Para Athletics Championships at the Queen Elizabeth Olympic Park and increasingly Variety is funding sports equipment for youth clubs and SEN schools, as part of its commitment to achieving equality for all children. As the games kicked off, Variety's report³ into the barriers faced by disabled children when accessing sport was featured on Channel 4 news. Our plan is for inclusion in sport to become an important part of the charity's work into the future.

On behalf of all of the Trustees, I am deeply grateful for generosity of all of our supporters and 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.

Nick Shattock

Trustee and Chief Barker 2017

Variety, the Children's Charity

¹ According to the Disability Living Foundation

² <https://www.variety.org.uk/how-you-can-help/corporate-support>

³ <https://www.variety.org.uk/news/2017/07/level-playing-field>

Year ended 31 December 2017

Our ethos

Variety, the Children's Charity, is about increasing positive experiences for children throughout the UK who are sick, disabled or disadvantaged.

Variety is not about stopping a crisis or preventing a drama; it is about providing both practical help (including coaches, wheelchairs, specialist and hospital equipment) and memorable childhood experiences.

Variety is about helping children to have fewer

bad days and more great days by providing the independence, freedom and dignity that enables them to make the most of their childhood.

Variety plays a key role in building the self esteem of children who are disadvantaged and in making them the people who they become.

**Registered Office Variety House 93 Bayham Street
London NW1 0AG
T: 020 7428 8100 F: 020 7428 8111
www.variety.org.uk**

Variety, the Children's Charity

Nick Shattock

Trustee and Chief Barker 2017 (Chairman)

Variety, the Children's Charity

TRUSTEES 2018

- Malcolm Brenner
- Laurence Davis
- Jonathan Gold
- Trevor Green
- Anthony Harris
- Tony Hatch
- Jason Lewis
- James Martin
- Ronnie Nathan
- Rodney Natkiel
- Tushar Prabhu
- Stanley A Salter
- William Sangster
- Professor Jonathan Shalit OBE
- Nicholas Shattock
- Neil Sinclair
- Pamela Sinclair
- Duncan Syers
- 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 2017

The Trustees submit their annual report and financial statements of Variety, the Children's Charity (Variety), a company limited by guarantee, for the year ended 31 December 2017.

Structure, governance and management

Variety, the Children's Charity is a company limited by guarantee and associated with Variety International⁴.

The day-to-day management of the Charity is the responsibility of a Chief Executive Officer ("CEO") and through them, Heads of Department (Communications, Events, Finance, Fundraising and Programmes). Staff in regional offices (three of which have senior managers) report directly to the CEO.

The CEO reports to the Trustees of the Charity. 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 2 January 2018). The Trustees are responsible for governance, strategy and risk management.

The Trustees and staff are supported in the business of the Charity by volunteers and members of the Charity (known as Barkers) who pay an annual subscription. There are 162 Barkers and 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 an Advisory Committee ("Crew") whose focus is on fundraising, the development of new events and furthering the mission of the Charity. Only a Barker can be a Trustee or a member of Crew.

The consent of the Barkers is needed for any change in the objects of the Charity; the Trustees otherwise are charged with responsibility for approving constitutional change. In 2017, the Charity completed re-structuring Variety, the Children's Charity; and the heritage of the Variety Club of Great Britain is retained in its show business connection and through its governance structure under the leadership of the Chief Barker.

The Trustees during the year were:

Malcolm Brenner, Eliot Cohen (resigned 30 November 2017), Laurence Davis, Jonathan Gold, Trevor Green, Anthony Harris, Tony Hatch, Jason Lewis, James Martin, Ronnie Nathan, Rodney Natkiel, Tushar Prabhu, Stanley A Salter, William Sangster, Professor Jonathan Shalit OBE, Nicholas Shattock, Neil Sinclair, Pamela Sinclair, Duncan Syers, Dilaram Williamson.

⁴ <http://variety.org/>

History

The Charity was created in the UK in 1949 as Tent 36 of Variety International. Variety was formed in 1929 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 continues to appreciate its life president's, the Duke of Edinburgh's, contribution to its foundation in the United Kingdom.

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

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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.

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. Details of the Charity's purposes, which form the basis of this policy, are given above.

Meeting our objectives through Variety's work

Variety provides grants for life enhancing equipment which benefit children and young people living with disability or financial disadvantage wherever they are in the UK. These grants provide financial relief by supplying vital assistive equipment for under 19's 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 individuals and organisations:

1. Specialist Equipment (such as car seats, profile beds, sensory equipment or adapted bathroom equipment) for children with a disability and whose parents are in financial need
2. Wheelchairs (manual, powered and sports) for children with a disability and whose parents are in financial need
3. Sunshine Coaches for schools and children's organisations supporting children with Special Educational Needs or who are living in financial deprivation
4. Equipment for Youth Clubs (such as sports equipment, games and musical instruments)

In addition, and exceptionally, the Charity supports equipment for specialist hospital wards and hospices. Applicants' eligibility is assessed against age, medical need, the impact of the equipment on the child and the family's financial situation. All grant applications are initially assessed by our staff to ensure they fall within the Charity's funding guidelines (which can be found on our applications at <https://www.variety.org.uk/what-we-do>). They are then passed to a committee of volunteers to assess the impact of the equipment and the financial situation of the applicant. The final decision for each grant rests with a committee of volunteers.

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. Whether it is a grant for £350 to provide a 4 year old boy in the South West with an orthopaedic chair or a grant for £15,000 to provide a powered wheelchair to a 15 year old girl in the North of England who has a rare form of dwarfism, Variety aims to provide the same level of support.

Additionally, through the Great Days Out programme, Variety provides memorable childhood experiences of the kind that most children take for granted. The charity organises a wide range of trips completely free of charge which aid children's physical, social, emotional and intellectual development as well as

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being fun. The charity works with a network of almost 1,000 schools and children's organisations to ensure that our Great Days Out are available to as many children as possible.

Maintaining our role as a leading charity provider of prompt, practical and bespoke help to children and young people who are sick, disabled and disadvantaged continues to be the fundamental objective for Variety.

Meeting Variety's objectives through research

In July 2017, Variety released a report based on our own research looking into the impact that disability has on a child's ability to participate in sporting activities. Staggeringly we found that 1 in 2 children with disabilities do not feel comfortable taking part in sport with others and that 70% of schools and voluntary sector groups who expressed an opinion in our research identified a lack of participation in sport amongst disabled children as a significant contributing factor to social isolation, lack of confidence or a reduction in their life experiences. As a result Variety is working in partnership with Shirley Golf Club in the West Midlands to roll out a programme which enables disabled children to take part in specially adapted coaching sessions through their school. Our report had a twitter reach of 8 million viewers and received coverage on Channel 4 news and in the Independent online.

The impact of our programmes

In 2017 Variety provided £2.5M of grants to 275 families and organisations:

- 126 specialist equipment grants totalling £295,831
- 36 grants to youth clubs totalling £14,342
- 62 wheelchairs were provided through 59 grants, totalling £310,559
- Presented 61 Sunshine Coaches, totalling £1,943,950

In addition, Variety provided 23,144 children with a Great Day Out.

In total the charity received 398 applications for funding in 2017. The year opened with a further 37 in the pre-approval stages of the application process and closed with 57 new applicants in the pre-approval stages⁵. Of the 383 applications that were assessed, 300 were approved (78%), 50 were declined (13%) and the remainder withdrew their application (9%). The year closed with 82 grants having been approved for funding but with funding still to be sourced. While Variety is not at risk from continued cuts to local government funding, the Charity faces an increasing demand for its services.

Variety is proud to approve and fund 5.5 grants each week.

The average time it takes from receipt of application through to delivery of equipment is 33 weeks for a Sunshine Coach and 23 weeks for all other grants.

In 2017 the charity moved to a different monitoring system to ensure it can collect better data to monitor its impact. In 2018 Variety will be creating a new impact measurement framework which will enable the charity to monitor its impact in the areas of independence, safety, dignity and personal development. The impact of each grant Variety makes is unique and wide reaching; the right equipment makes life easier for a child's carer which in turn will impact their ability to care for the whole family unit, including other siblings.

Here is some of the impact we've made in the words of the children, parents and group organisers:

In the North West of England, 1,200 children attended an exclusive Christmas take-over at Gulliver's World in Warrington.

The children, drawn from 28 schools and children's organisations, had full access to the park, including a special pantomime performance, and got to meet Father Christmas who left them each with a gift. The charity Olly's (Our Lost Love Years) helps children bereaved by homicide and violent crime and bought a group along. Group leader Jean Taylor told us

"Variety have made such a difference to all our children, helping them bond with their peers and spend quality time with their family on such a memorable & special day. One of our 9 year's told me she had the best day of her life."

In the South of England, Variety part-funded an Innowalk for Lily, a 6 year old child with complex needs and Global Developmental Delay.

In Lily's words (as written by her mother);

"I used to find it very difficult to use my muscles without lots of help from others, but thanks to my new best pal, Innowalk, I am able to use my muscles appropriately and exercise independently. This also has a positive effect on my circulation and digestion. It helps my hip muscles work better and hopefully means I will not need to have another operation for dislocation again. For the first time in my life I am able to feel what it is like to walk or run without being

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

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too tired to do more than a few steps; I have been running with the help of the Innowalk every day now and look much like any other 6 year old - I can easily run around a whopping 400 metre track in just under 15 minutes. Above all, I do not need to rely on my parents so much."

65 5 - 11 year olds attend Drummole School in Scotland and all of them have learning difficulties.

Over 60% of their students have autism and many also have language disorders, social and emotional difficulties and physical impairments. Their new Variety Sunshine Coach has replaced their 12 year old minibus that has become increasingly unreliable and too expensive to maintain. Fiona McLean, Head teacher at Drummole Primary School said:

"We are delighted to be receiving our new Sunshine Coach from Variety. It will make a huge difference to our pupils who can now visit a range of parks and forests as part of our 'Forest School Programme' from which we see improvements in both pupils' wellbeing and physical fitness levels. We will also be able to continue our regular physical activities that benefit our pupils; swimming, horse riding, visiting the local sports centre and adventure play park; these would not be possible without our Sunshine coach."

Bluebell Wood Children's Hospice in Yorkshire cares for children with life limiting and life threatening conditions, providing services such as end of life care and treatment, counselling, respite, sibling support, a range of therapeutic services and much more.

Each year they care for almost 200 children and over 60 siblings. Variety funded a new soft play room to offer a stimulating and safe space for all children, regardless of their condition or illness. The room is also used by siblings to unwind, to cope and to release their energy and emotions. One of the families who needed the hospices' services told us that

"Bluebell Wood provided a ray of light and hope at the darkest time in our lives and were there for our whole family throughout. Our elder daughter loved playing in the soft play room, which provided welcome distraction, while we dealt with the tougher aspects of her younger sisters condition."

TAG Youth Club in London runs programmes for young people with disabilities and additional needs which support their personal, social and educational development.

Variety part-funded a portable radio station package to enable young people to make their own broadcasts. A youth worker from the club told us

"Drama Suite enables us to broadcast live around the youth centre during activity sessions. We use the station to support informal and experiential learning in order to develop knowledge and skills and to help young people in their decision making. In time we hope to upload podcasts to our website for the community to enjoy and engage with".

Finlay is 10 years old, lives in the Midlands and has Cerebral Palsy.

As a result he has increased muscle tone, joint contractures and muscle weakness. His balance is significantly reduced and he has no independent mobility. In July, Variety provided him with a powered wheelchair which has enabled him to be more independent and eased his transition into Secondary school. He tells us

"The electric chair has made a world of difference to my school life. I can keep up with my friends and get around a lot quicker from class to class. Thank you."

Toby⁶ is 6 years old, lives in the North of England and has severe autism, a sleep disorder and behavioural issues.

His conditions keep him awake for long periods at night, meaning that mum, his only carer, has to be up with him. Variety provided Toby with a safe sleeping pod.

"His travel pod enables us to go on holiday and stay with relatives, giving Toby the opportunity to experience new things"

his mum explains. It also allows her to get some sleep, knowing that he is protected in a safe sleeping environment even when he is awake.

Fundraising Activities

Variety's supporters are the bedrock of its work. Variety strives to ensure that working with the Charity is a positive and rewarding experience. In all its fundraising endeavours it is committed to:

- High ethical standards
- Professionalism
- Honesty and transparency
- Responsibility
- Respect for the donor
- Anti-discriminatory practice

Variety raises funds through a range of activities but principally through corporate and individual donations, fundraising events, the sale of 'Gold

⁶name changed at the beneficiaries request.

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Hearts', the Variety Club Golf Society, wills and legacies, trusts, foundations and community fundraising including charity's challenge events.

Variety's most successful corporate partnerships are with Crest Nicholson, The Bingo Association and St James's Place Charitable Foundation. Many of the charity's corporate partners have been long term supporters including ACI, Cineworld, European Recycling Company, Leeds Building Society and Pieroth. 2017 saw long term partner, Accessible Retail present its 55th Sunshine Coach.

Challenge event participation continues to be a valuable source of income, with 18 runners participating in the London Marathon, jointly raising more than £67,000. In Scotland, 16 volunteers took part in The Kiltwalk for the first time, raising over £9,000.

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 Breakfast which doubled its fundraising target. The Rugby Legends event at Loch Lomond was a sell-out months in advance, the Catherine Awards drew in 300 new attendees and the Yorkshire Property Awards celebrated its 20th anniversary by selling out 1,000 tickets within 2 hours. 2017 also saw a new event take place in the Midlands with the first masquerade ball drawing in over 200 guests and raising over £30,000.

Patrons of Variety continued to grow, welcoming two new patrons and through them, two new corporate partnerships including a give-as-you-live scheme with The Shard. Patrons commit to a £30,000 donation over a three year period and in doing so support the longer term financial planning of the Charity.

Variety's fundraising is carried out in line with guidance issued by the Fundraising Regulator and the Institute of Fundraising. Honesty and transparency are crucial to all our fundraising practices; this gives our supporters confidence and trust in us and our work. We ensure that our policies, guidelines and processes are reviewed and updated regularly.

We have commercial participator agreements, letters of agreement or memorandum of understanding for all third party/supporter fundraising and regularly monitor their fundraising activities. We do not use professional fundraisers nor solicit funds directly from the public.

We take all reasonable care to protect vulnerable adults. Variety complies with the Institute of Fundraising guidance set out in the document called "Treating Donors Fairly: Responding To The Needs Of People In Vulnerable Circumstances And Helping Donors Make Informed Decisions".

No complaints against Variety were logged with the Fundraising Regulator during 2017. There were a number of complaints brought to Variety relating to the recycling programme operated by our partner European Recycling Company (ERC); these were all promptly passed on to ERC. Variety's complaints procedure is published on our website; in the event of a complaint we will respond within ten working days of receipt and aim to resolve most problems in that time.

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 2017. The results are set out on page 14.

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

Incoming resources decreased by 9.5% to £6,973,201 over the previous year (2016: £7,633,516). Of this, £2,287,356 was generated through the trading subsidiary (2016: £2,655,211). Donations received totalled £3,837,401 (2016: £4,027,506) and legacy income was £410,849 (2016: £201,147). Intangible income was £354,162 (2016: £667,410) including Variety Great Days Out of £330,140 being gift-in-kind value placed on donated outings given for children under this programme and £24,022 other donated services.

During the year, grants and donations of £2,564,682 were made (2016: £2,720,851) of which £1,943,950 was applied for the purchase of Sunshine Coaches, £310,559 Electric Wheelchairs and £310,173 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.

Financial position and reserves policy

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

Variety had a surplus of £22,341 in 2017, compared to a surplus of £101,992 in 2016.

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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 now set a revised target for unrestricted reserves of 6 months' operating and administration costs by the end of 2019. The position at 31 December 2017 falls short of that target. Unrestricted reserves are monitored quarterly by the Trustees, and during 2018 steps will be taken to reduce that shortfall.

At the end of the year, unrestricted funds were £1,586,898, of which fixed assets, net of the mortgage secured on our head office represented £1,352,638. Thus unrestricted free reserves at 31 December 2017 amounted to £234,260, which is 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 £2,841,253 including cash, which has increased by £331,489 over the year, to £1,762,425. 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 more fully set out in note 15).

Plans for the future

We made a significant step forward in 2017 when we approved the new constitution of the Charity which is fit for purpose and will allow us to continue to modernise the way we work in line with all current legislation and practice.

We will seek to build on this in 2018 in a number of ways. We will clarify the work of our two main committees. The Board of Trustees will meet 4 times a year and will concentrate only on setting headline strategic objectives and monitoring performance against these objectives.

2018 will also see the appointment of a new Chief Executive Officer. The clarified strategic statement will give the new CEO a clear vision and mandate to review ambitious and challenging targets for 2018 and beyond.

Our other main committee, Crew, will be the "ideas factory" providing help and support for the management team in delivering the strategic objectives principally in organising events and bringing forward fundraising ideas and projects. We will continue to widen its membership to bring new ideas and energy into the whole fundraising process.

In 2018 we will renew the make up of our historic governing committees to make our processes more efficient and relevant. We will concentrate and focus more clearly on developing productive corporate relationships capitalising on the contacts

and experience of our members and we will also streamline our programmes committees to achieve one of our strategic objectives of reducing the time it takes to process appeals.

We will also need to continue to renew and refresh the membership of the Board of Trustees and of Crew; this should be a natural process and we are encouraging younger members to come forward and join us. In last year's Annual Report we announced the new CRM and finance system; this went live in January 2018 and it will help us improve efficiency and capitalise on the positive contacts we make through our high quality events in London and around the UK.

But in the midst of all this change we will remember that it is all about the children and one of the most important changes we are making is to create a new role of Children's Champion and we are delighted that Pamela Sinclair has agreed to take up this important role.

Overall 2018 will be a year of consolidation; we are moving the structure and processes of the Charity forward very quickly and we aim to clarify strategic direction, complete the appointment of the management team for the future and to begin the process of refreshing the governing committees to deliver a bright and productive future for Variety.

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 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 be able to report positively on the impact of our interventions and will make sure that we have an emergency media plan documented
- * Insufficient level of unrestricted income
- We will understand our costs better so that we can be open with our supporters on our full costs of providing services. We will improve the return on our events and also undertake a review of our cost structure to ensure we work efficiently

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

- We will respect the heritage of Variety by continuing to run high quality events. We will make sure that we are able to explain why this might make us look to have a higher overhead than other charities. We will increase our level of corporate fundraising and we will negotiate hard to keep events overheads to a minimum.

There is a risk that 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 no exposure risk 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.

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 in 2013 by Cushman Wakefield, Chartered Surveyors, is £665,814. 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 43 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 (each programme and region has its own volunteer committee that assesses and processes grant applications)
- Scotland and English regional support (administration and management)
- Special projects

In addition, volunteers operate independently in Wales, Northern Ireland and along the south coast of England.

Management remuneration policy

Variety's Trustees retain and exercise their responsibility for setting the pay of the most senior members of staff in the organisation. Typically, but not always, these members of staff will be a member of the Charity's key management personnel. 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

The Trustees appointed a Chief Executive who took up the post in January 2017 and who resigned at the end of the year. The Trustees are currently recruiting a new CEO.

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.

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Auditors

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

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

This report was approved by the Board of Trustees on 9 May 2018 and signed on its behalf by:

Stanley A Salter

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 2017 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 2017 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).

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 auditors 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.

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.

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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.

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 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 4, 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

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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.

John Shuffrey

for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

9th May 2018

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

Variety, the Children's Charity
Consolidated Statement of Financial Activities
 (incorporating an Income and Expenditure account)
 For the year ended 31 December 2017

Notes	Unrestricted funds	Restricted funds	Total 2017	Unrestricted funds	Restricted funds	Total 2016	
	£	£	£	£	£	£	
Income and expenditure							
Income from:							
Donations and legacies							
	Donations, including tax credits	1,077,091	2,760,310	3,837,401	1,216,589	2,810,917	4,027,506
	Legacies and bequests	410,849	-	410,849	114,434	86,713	201,147
5	Intangible income	24,022	330,140	354,162	35,735	631,675	667,410
Other trading activities							
2	Turnover of trading subsidiary	1,888,979	398,377	2,287,356	2,189,262	465,949	2,655,211
Investments							
	Rental income	83,426	-	83,426	82,022	-	82,022
3	Investment income and interest	6	1	7	63	157	220
Total							
	3,484,373	3,488,828	6,973,201	3,638,105	3,995,411	7,633,516	
Expenditure on:							
Raising funds							
5	Expenditure on raising donations and legacies	814,030	133,167	947,197	773,601	135,499	909,100
	Expenditure on other trading activities:						
2	Cost of sales of trading subsidiary	1,130,988	243,291	1,374,279	1,499,845	243,726	1,743,571
5	Events support	1,264,226	3,615	1,267,841	1,035,611	4,460	1,040,071
Total							
	3,209,244	380,073	3,589,317	3,309,057	383,685	3,692,742	
Charitable activities							
	Sunshine Coaches	105,331	1,982,236	2,087,567	76,557	2,100,088	2,176,645
	Wheelchairs	26,887	373,015	399,902	(3,386)	379,265	375,879
	Grants	137,928	251,302	389,230	152,064	282,939	435,003
	Variety Great Days Out	106,501	378,343	484,844	154,561	696,694	851,255
Total							
	376,647	2,984,896	3,361,543	379,796	3,458,986	3,838,782	
Total							
	3,585,891	3,364,969	6,950,860	3,688,853	3,842,671	7,531,524	
Net movement in funds							
	(101,518)	123,859	22,341	(50,748)	152,740	101,992	
Total funds brought forward							
	1,688,416	1,130,496	2,818,912	1,739,164	977,756	2,716,920	
14,15	Total funds carried forward	1,586,898	1,254,355	2,841,253	1,688,416	1,130,496	2,818,912

All amounts relate to continuing activities.

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

The notes on pages 18 to 27 form part of these financial statements.

Variety, the Children's Charity
Consolidated Balance Sheet
At 31 December 2017

Notes		2017		2016
		£		£
	Fixed assets			
8	Tangible assets	1,784,427		1,796,949
9	Investments	<u>665,814</u>		<u>665,814</u>
		2,450,241		2,462,763
	Current assets			
10	Debtors	340,222		397,553
	Cash at bank and in hand	<u>1,762,425</u>		<u>1,430,936</u>
		2,102,647		1,828,489
11	Creditors: amounts falling due within one year	<u>652,885</u>		<u>374,737</u>
	Net current assets	<u>1,449,762</u>		<u>1,453,752</u>
	Total assets less current liabilities	3,900,003		3,916,515
12	Creditors: amounts falling due after more than one year	1,058,750		1,097,603
	Total net assets or liabilities	<u>2,841,253</u>		<u>2,818,912</u>
	The funds of the group:			
15	Restricted income funds	1,254,355		1,130,496
14	Unrestricted funds	<u>1,586,898</u>		<u>1,688,416</u>
	Total group funds	<u>2,841,253</u>		<u>2,818,912</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 £22,341 (2016: net income of £101,992)

These financial statements were approved by the Board of Trustees on 9th May 2018.

Trustees

Stanley A Salter

Nick Shattock

The notes on pages 18 to 27 form part of these financial statements.

Variety, the Children's Charity
Company Balance Sheet
At 31 December 2017

Notes	2017	2016
	£	£
Fixed assets		
8 Tangible assets	1,784,427	1,796,949
9 Investments	<u>665,914</u>	<u>665,914</u>
	2,450,341	2,462,863
Current assets		
10 Debtors	1,412,095	1,414,643
Cash at bank and in hand	<u>581,258</u>	<u>255,384</u>
	1,993,353	1,670,027
11 Creditors: amounts falling due within one year	<u>543,691</u>	<u>216,375</u>
Net current assets	1,449,662	1,453,652
Total assets less current liabilities	3,900,003	3,916,515
12 Creditors: amounts falling due after more than one year	1,058,750	1,097,603
Total net assets or liabilities	2,841,253	2,818,912
The funds of the charity:		
15 Restricted income funds	1,254,355	1,130,496
14 Unrestricted funds	<u>1,586,898</u>	<u>1,688,416</u>
Total charity funds	2,841,253	2,818,912

These financial statements were approved by the Board of Trustees on 9th May 2018.

Trustees

Stanley A Salter

Nick Shattock

The notes on pages 18 to 27 form part of these financial statements.

Variety, the Children's Charity
 Consolidated Cash Flow Statement
 For the year ended 31 December 2017

Notes	2017	2016
	£	£
21 Net cash provided by (used in) operating activities	400,972	(132,257)
Cash flows from investing activities:		
Dividends, interest and rent from investments	7	220
Purchase of tangible fixed assets	<u>(30,637)</u>	<u>(33,752)</u>
Net cash used in investing activities	<u>(30,630)</u>	<u>(33,532)</u>
Cash flow from financing activities:		
Repayments of borrowing	<u>(38,853)</u>	<u>(36,784)</u>
Net cash used in investing activities	<u>(38,853)</u>	<u>(36,784)</u>
Change in cash cash equivalents in the year	<u>331,489</u>	<u>(202,573)</u>
Cash and cash equivalents at the beginning of the year	1,430,936	1,633,509
Cash and cash equivalents at the end of year	<u>1,762,425</u>	<u>1,430,936</u>

The notes on pages 18 to 27 form part of these financial statements.

Variety, the Children's Charity.
Notes forming part of the financial statements
For the year ended 31 December 2017

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 the UK.

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 2018. 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, it is probably the income will be received and the amount can be measured reliably.

Expenditure is included on an accruals basis. 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). Variety has taken advantage of the exemption under section 408 of Companies Act 2006 from presenting a separate profit and loss account for the parent charity.

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 16 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.

Variety, the Children's Charity.
Notes forming part of the financial statements
For the year ended 31 December 2017

1.11 Pension costs

Contributions to Variety's money purchase group personal pension plan are charged to the income and expenditure account 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, which is 35.51% of the floor space, is let at a commercial rent. The freehold property was revalued at £2.5m on 23 January 2013 by Cushman & Wakefield LLP, chartered surveyors, 43/45 Portman Square, London W1A 3BG on the basis of market value, subject to vacant possession. The Trustees do not consider that there has been a material change in the market value of the investment property as at 31 December 2017.

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.

Variety, the Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2017

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 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	2017	2016
	£	£
Turnover	2,287,356	2,655,211
Cost of sales	1,374,279	1,743,571
Gross profit	913,077	911,640
Fundraising and publicity	675,997	566,777
Management and administration (payable to the charity)	15,960	15,000
Net profit	221,120	329,863
Gift aid donation to Charity	221,120	329,863
Retained profit	-	-

The aggregate of the assets, liabilities and funds was:

Assets	1,330,929	1,348,782
Liabilities	(1,330,829)	(1,348,682)
Funds (representing 100 ordinary shares of £1 each)	100	100

3 Investment income

	2017	2016
	£	£
Interest	7	220
	7	220

4 Employees

Staff costs	2017	2016
	£	£
Wages and salaries	1,422,661	1,312,713
Social security costs	140,692	121,454
Other pension costs	84,497	62,619
	1,647,850	1,496,786

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

	2017	2016
Fundraising	12	13
Events	16	14
Sunshine Coaches	2	2
Wheelchairs	2	2
Grants	2	2
Variety Great Days Out activities	1	1
Support	10	9
	45	43

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

	Number 2017	Number 2016
£60,000 to £69,999	1	1
£70,000 to £79,999	2	-
£80,000 to £89,999	1	-
£100,000 to £109,999	-	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 were £448,381 (2016: £394,074).

**Variety, the Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2017**

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 (£)		Depreciation (£)		2017 Total		2016 Total	
	Direct	Apportion basis (staff numbers)	Allocated Support costs	Total Staff costs	Direct	Apportion basis (staff numbers)	Allocated Support costs	Total Other costs	2017 Total	2016 Total
Expenditure on:										
<i>Raising funds</i>										
Expenditure on raising donations and legacies	462,017	34.7%	132,934	594,951	84,270	34.7%	255,238	339,508	12,738	-
Expenditure on other trading activities	-	-	-	-	1,374,279	-	-	1,374,279	-	-
Cost of sales of trading subsidiary	629,482	49.4%	189,330	818,812	62,476	49.4%	363,521	425,997	23,032	-
Events support	1,091,499		322,264	1,413,763	1,521,025		618,759	2,139,784	35,770	-
<i>Charitable activities</i>										
Sunshine Coaches	61,786	5.4%	20,934	82,720	18,263	5.4%	40,194	58,457	2,440	1,943,950
Wheechairs	38,217	4.2%	16,026	54,243	1,821	4.2%	30,771	32,592	2,508	310,559
Grants	39,155	3.4%	13,000	52,155	-	3.4%	24,961	24,961	1,941	310,173
Variety Great Days Out	33,850	2.9%	11,119	44,969	-	2.9%	21,348	21,348	500	418,027
	173,008		61,079	234,087	20,084		117,274	137,358	7,389	2,982,709
	1,264,507	100.0%	383,343	1,647,850	1,541,109	100.0%	736,033	2,277,142	43,159	2,982,709
										6,950,860

An analysis of 2017 grants and donations is contained in note 19 to the financial statements. The value of support costs allocated to grant making activities was £178,353 (2016: £178,409)

Total expenditure includes £354,162 an equivalent amount being described as intangible income in the Statement of Financial Activities. This comprises £330,140 in respect of Variety Great Days Out activities (part of direct charitable expenditure) and £24,022 Deliveries/Courier.

Analysis of support cost

	Staff		Other		Total		Raising donations		Event support		Charitable activities		Grand Total		Basis of allocation
	£	£	£	£	£	£	£	£	£	£	£	£	£		
Governance/Legal	86,339	110,473	-	-	196,812	74,825	38.0%	86,949	35,038	17.8%	196,812	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.			
Finance & Administration	124,948	-	124,948	47,503	172,451	47,503	27.5%	55,201	22,244	12.9%	124,948	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.			
IT & Database	41,859	80,510	122,369	46,523	168,892	46,523	27.5%	54,061	21,785	12.9%	122,369	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.			
Office costs	18,866	238,768	257,634	97,947	355,581	97,947	27.5%	113,820	45,867	12.9%	257,634	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.			
HR/Staff related costs	16,585	41,572	58,157	22,110	80,267	22,110	27.5%	25,693	10,354	12.9%	58,157	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.			
Media/Publicity	91,386	173,673	265,059	100,771	365,830	100,771	27.5%	117,100	47,188	12.9%	265,059	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities. Costs relate to publicity involved in raising the charity's profile. They have been allocated to fundraising.			
Other support costs	3,360	91,037	94,397	35,888	130,285	35,888	27.5%	41,704	16,805	12.9%	94,397	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.			
Function Total	383,343	736,033	1,119,376	425,567	1,544,943	425,567		494,528	199,281		1,119,376				

Variety, the Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2017

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 £19,946 (2016: £32,206).

Variety purchased insurance costing £365 (2016: £297) 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 outgoing resources is arrived at after charging:

	2017 £	2016 £
Depreciation		
- office equipment	18,975	7,219
- freehold building	24,184	24,184
Auditors' remuneration - audit	30,720	30,000
Auditors' remuneration - taxation	2,520	5,150
Operating lease expenditure	24,016	30,991

8 Tangible assets

Group and company	Freehold land and buildings £	Office equipment £	Total £
Cost			
1 January 2017	2,279,182	52,840	2,332,022
Additions	-	30,637	30,637
31 December 2017	<u>2,279,182</u>	<u>83,477</u>	<u>2,362,659</u>
Depreciation			
1 January 2017	517,548	17,525	535,073
Charge for the year	24,184	18,975	43,159
31 December 2017	<u>541,732</u>	<u>36,500</u>	<u>578,232</u>
Net book value at 31 December 2017	<u>1,737,450</u>	<u>46,977</u>	<u>1,784,427</u>
Net book value at 31 December 2016	1,761,634	35,315	1,796,949

9 Fixed asset investments

	Notes	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Investment in subsidiary	(a)	-	100	-	100
Investment property	(b)	<u>665,814</u>	<u>665,814</u>	665,814	665,814
		<u>665,814</u>	<u>665,914</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 and whose main activity is the organisation and promotion of fund-raising activities and the sale of Gold Hearts 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, which is 35.51% of the floor space, is let at a commercial rent. The freehold property was revalued at £2.5m on 23 January 2013 by Cushman & Wakefield LLP, chartered surveyors, 43/45 Portman Square, London W1A 3BG on the basis of market value, subject to vacant possession. The Trustees do not consider that there has been a material change in the market value as of the investment property of £665,814 at 31 December 2017.

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10 Debtors	Group 2017 £	Company £	Group 2016 £	Company £
Trade debtors	104,741	251	167,556	37,970
Amounts due from subsidiary undertaking	-	1,221,635	-	1,190,320
Other debtors	174,924	150,137	139,697	129,111
Prepayments and accrued income	60,557	40,072	90,300	57,242
	340,222	1,412,095	397,553	1,414,643

All debtors are due within one year.

11 Creditors: amounts falling due within one year	Group 2017 £	Company £	Group 2016 £	Company £
Accruals for grants payable	260,180	260,180	59,535	59,535
Mortgage (secured - see note 13)	38,853	38,853	36,784	36,784
Trade creditors	229,244	198,751	119,759	59,190
Accruals and deferred income	103,282	39,642	123,261	41,826
Taxation and social security	17	17	10,041	12,986
Other creditors	21,309	6,248	25,357	6,054
	652,885	543,691	374,737	216,375

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

	2016 £	Charge for the year £	Payments £	2017 £
Wheelchairs	48,536	274,898	(191,329)	132,105
Sunshine Coaches	-	61,607	-	61,607
General Grants	10,999	161,193	(105,724)	66,468
	59,535	497,698	(297,053)	260,180

Deferred income

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

	Group £	Company £
Balance as at 1 January 2017	65,825	5,062
Amount released to income earned	(65,825)	(5,062)
Amount deferred in year	47,680	4,469
Balance as at 31 December 2017	47,680	4,469

12 Creditors: amounts falling due after one year

Group and company	2017 £	2016 £
Mortgage (secured)	1,058,750	1,097,603
	1,058,750	1,097,603

Mortgage (secured)

The mortgage is secured on Variety's freehold land and building and is repayable over the remaining period of 11 years at an interest rate of 5.51% per annum as follows:

	£	£
In more than one year but not more than two years	41,039	38,853
In more than two years but not more than five years	137,493	130,171
In more than five years	880,218	928,579
	1,058,750	1,097,603

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

42%	47%
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Variety, the Children's Charity
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13 Analysis of group net assets between funds	Unrestricted funds £	Restricted funds £	Total 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	<u>1,586,898</u>	<u>1,254,355</u>	<u>2,841,253</u>

The Trustees confirm that sufficient resources in the form of liquid assets, including cash balances, are held so as to enable the funds to be applied in accordance with their restrictions, as applicable.

14 Unrestricted funds

Group and company	£
At 1 January 2017	1,688,416
Net outgoing resources for the year before transfers	(101,518)
At 31 December 2017	<u>1,586,898</u>

15 Restricted funds

Group and company	Opening Balance £	Income £	Expenditure/ transfers £	Closing Balance £
Sunshine Coaches	262,938	1,584,754	(1,620,043)	227,649
Wheelchair Programme	235,632	274,609	(344,037)	166,204
Variety Club Golfing Society	184,757	648,159	(618,073)	214,843
Special Purpose Funds	281,644	466,642	(263,898)	484,388
Regions	72,438	184,524	(188,778)	68,184
Kings College Hospital	93,087	-	-	93,087
Variety Great Days Out	-	330,140	(330,140)	-
	<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 since 1991 which are not currently provided by the NHS.

Variety Club Golfing Society

The Variety Club Golfing Society assists Variety by organising golfing 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.

Regions

Variety's regional committees in the UK make grants and donations for Sunshine Coaches and Wheelchairs from their restricted funds as well as general Grants from unrestricted funds. The balance represents the restricted funds at 31 December 2017.

Kings College Hospital

The King's College Hospital Committee raises funds to contribute to the building of a new wing at the Variety Children's Hospital at King's.

Variety Great Days Out

Tickets donated free of charge to provide fun and educational days out for children.

Variety, the Children's Charity
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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 Share capital

As Variety is limited by guarantee, there is no share capital. At 31 December 2017, there were 20 members (2016 - 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		Institutions		Total	
	£	No	£	No	£	No
Grants	200,025	106	110,148	56	310,173	162
Sunshine Coaches	-	-	1,943,950	61	1,943,950	61
Wheelchairs	290,559	53	20,000	1	310,559	54
	<u>490,584</u>	<u>159</u>	<u>2,074,098</u>	<u>118</u>	<u>2,564,682</u>	<u>277</u>

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

	£
Step by Step, London	44,692
Castle Tower School, Ballymena	38,928
John Jamieson School, Leeds	38,762
Portland College, Mansfield	34,721
Ravenscliffe High School, Halifax	38,712
Whitehouse Primary School, Stockton-On-Lees	38,712
Ysgol Maes Hyfryd, Flint	38,642
St James Primary School, Caerphilly	38,632
Newark Orchard School, Newark	38,612
Arbour Vale School, Slough	38,597
Brookfields School, Reading	38,597
New Siblands South Gloucester Council, Yate	38,597
Disability Challengers, Guildford	38,592
John Grant School, Great Yarmouth	38,527
Lady Zia Werhner School, Luton	38,522
Downs View School, Brighton	38,512
Linwood School, Bournemouth	38,512
Manor Mead School, Shepperton	38,512
Oaklands School, Isleworth	38,512
Blanche Neville School, London	38,503
Redburn School, Glasgow	38,183
St Annes School & Sixth Form College, Brough	38,103
Orchard Brae School, Aberdeen	34,411
Springwell School, Hartlepool	34,402
Niddersale Children's Resource Centre (North Yorkshire CC), Northallerton	34,361
Woodlands School, Blackpool	34,291
St Peters Immaculata YC, Belfast	34,290
The Avenue School, Reading	34,246
Mapledown School, London	34,161
Oakdene Respite Care Unit (Wandsworth Borough Council), Tooting	34,161
Glencryan School, Glasgow	33,882
Llanishen Fach Primary School, Cardiff	33,822
The Children's Hospital School, Leicester	33,662
Richmond Park Academy, London	33,652
John Paul II Youth Centre, Belfast	32,310
Football Beyond Borders, London	31,830
Potterspurty Lodge School, Towchester	31,782
Mill Field Primary School, Leeds	28,834
Carpenters & Dockland Centre, London	28,634
Springhallow School, London	28,634
The Bridge School, Belstead	28,190
Drumbeat School, Bromley	28,125
Balance carried forward	<u>1,498,362</u>

Variety, the Children's Charity
Notes forming part of the financial statements
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18 Grants and donations (continued)	£
Balance brought forward	1,498,362
The Mulberry Primary School, London	28,125
Papillion House School, Tadworth	26,886
Drummore School, Glasgow	26,705
Frederick Nattrass Primary Academy, Stockton-On-Lees	26,675
West SILC, Pudsey	26,675
Lisburne School, Stockport	26,605
Meade Hill School, Manchester	26,605
Together Trust, Cheadle	26,605
Newtons Walk Pru (Derby CC), Derby	26,575
Mendip School Fosse Way, Radstock	26,560
Petts Wood Playgroup, Petts Wood	26,525
Chantry Primary Academy, Luton	26,485
Bensham Manor School, Thorton Heath	26,475
Manor Green College, Crawley	26,475
Willow Dene School, London	26,475
Willow Dene School, London	26,475
Autism of Angels, Kearby	23,850
Greenbank Project/Greenbank Sports Academy, Liverpool	20,000
Woodeaton Manor School, Oxford	16,485
Oakwood Academy, Manchester	9,228
Bluebell Wood Childrens Hospice, Sheffield	7,800
Ridge View School, Tonbridge	7,515
Sandfield School, Liverpool	6,652
Brentwood School, Sale	5,513
Brompton Academy, Gillingham	5,314
Soft Play Heaven, Dumfries	5,035
Newlands Special School, Middleton	5,000
Northern Devon Healthcare, Barnstaple	5,000
Donations under £5,000	31,418
	<u>2,074,098</u>

19 Commitments

As at 31 December 2017, Variety was committed to supplying Sunshine Coaches totalling £699,441 (2016: £436,350) 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 income/(expenditure) to net cash flow from operating activities

	2017 £	2016 £
Net income for the reporting period	22,341	101,992
Adjustments for:		
Depreciation charges	43,159	31,403
Dividends, interest and rent from investments	(7)	(220)
Increase/ (Decrease) in debtors	57,331	(20,156)
Increase/ (Decrease) in creditors	278,148	(245,276)
Net cash provided by operating activities	<u>400,972</u>	<u>(132,257)</u>

22 Operating lease commitments

At 31 December 2017, the group had future lease payments of £31,038 (2016 - £55,054) under non-cancellable operating leases as set out below.

	Office Equipment	
	2017 £	2016 £
Operating leases which expire:		
Less than 1 year	18,660	24,016
Between 1 and 2 years	9,902	18,660
Between 3 and 5 years	2,476	12,378
	<u>31,038</u>	<u>55,054</u>

Variety, the Children's Charity
Notes forming part of the financial statements
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23 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.

24 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 £1,882,343 (2016: £2,039,098) for the Sunshine Coaches, a company of which Mr William Sangster is a consultant.

Legal fees of nil (2016: £6,498) payable to Howard Kennedy LLP, a firm of which Mr Jason Lewis is a partner.

Rod Natkiel Associates Limited nil (2016: £30,091) for production services, a company of which Mr Rod Natkiel is a director, and he and his family own all the issued share capital of that company.

At the year end the following were owed to Variety for the purchase of adverts, auction items, tickets or sponsorship at events.

Mr Jason Lewis £1,540 (2016: £3,065), Vetiver Properties Ltd £6,670 (2016: £7,170) (Mr Jason Lewis's wife is a director and shareholder of this company),

Northern Commercials (Mirfield) Ltd nil (2016: £57,600) (Mr William Sangster is a consultant of this company),

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

The Fraser Agency nil (2016: £1,365) for printing fees. Mr Alan Fraser, who is a committee member, is a proprietor of that business.

The Neil Drover Agency £16,804 (2016: £18,291) 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 £2,400 (2016: £5,062) for supply of wheelchairs. Mrs Frances Cornelius, who is a committee chair, is a proprietor of that business.

At the year end Variety Club of Great Britain (Tent 36) owed Variety, the Children's Charity £39,437 (2016: £18,860).