

Annual report and accounts 2016



the children's charity

improving young lives every day

Annual Report and Accounts 2016

Chief Barker's report

Year ended 31 December 2016

Variety, the Children's Charity, exists to improve young lives every day throughout the UK. We do this by providing bespoke practical help, funding specialist equipment, wheelchairs and coaches, and also through creating memorable experiences for children who are sick, disabled or disadvantaged.

We are not about stopping a crisis or preventing a drama. Our goal is that children should have more great days by providing the independence, freedom and dignity that enables them to make the most of their childhood. Through this we aim to build the self-esteem of children who are disadvantaged and help them realise their potential.

Overall 2016 was an encouraging year with significant increases in income that enabled us to spend more on our programmes.

In 2016, our Great Days Out Programme, formerly Variety at Work, celebrated its 50th anniversary. Over the last 50 years some two million children have enjoyed free, fun days out thanks to our generous corporate supporters. This programme kicked off the year by taking 900 children, from all over the South East, to an exclusive inspirational showing of the popular Minions movie at the Odeon, Leicester Square where they also met the characters.

Variety's Wheelchair Programme provides sports wheelchairs, to encourage participation in sport and to enable those with exceptional talents to reach their potential. To see children we have supported in their early years go on to represent Team GB in the Rio Paralympics was extremely rewarding.

Our lifelong connection to the entertainment industry enables our fundraising efforts and our profile to be raised by celebrity supporters including Jayne Torvill, Christopher Dean, Sir Roger Moore, Michael McIntyre, Graham Norton and Gary Barlow who were among just some of the many stars who turned out to support us in 2016.

Success with our events continued, not only with increased income but with the introduction of events that reached new corporate sectors and potential long term supporters. The Variety Catherine Awards reflect the founding of Variety when a baby, who was later named Catherine Variety Sheridan, was abandoned in a cinema. Variety provided for her upbringing and education. New in 2016, the Variety Catherine Awards celebrate the achievements of inspirational women in business and will become an annual event that we believe will match the success of the PROPS, Gastronomic Dinner, Yorkshire Business Awards and the Legends of Industry in Manchester.

As only the third female Chief Barker it was important to me that Variety was linked to the growing influence of women in business.

Pamela Sinclair

Trustee and Chief Barker 2016

Year ended 31 December 2016

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

Pamela Sinclair

Trustee and Chief Barker 2016 (Chairman)

Variety, the Children's Charity

TRUSTEES 2017

- Malcolm Brenner
- Eliot Cohen
- 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

Annual Report and Accounts 2016

Trustees' annual report for the year ended 31 December 2016

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 2016.

Structure, governance and management

Variety and its business is governed by its Trustees and is assisted in its activities by the Variety Club of Great Britain (Tent 36). Variety Club of Great Britain (Tent 36) is affiliated to Variety International, the Children's Charity, and its affairs are managed by its Crew, who are ipso facto members of Variety. Variety Club of Great Britain (Tent 36) has 296 members under the leadership of the Chief Barker. The Chief Barker is elected on an annual basis and normally the position is held for one year. The Chief Barker also acts as Chair of Trustees.

The Trustees control Variety, the Children's Charity. They delegate the task of organising events, raising funds and allocating funds to the Charity's various Programmes through a number of committees. The main committees for the allocation of funds are the Sunshine Coaches, Wheelchair, Grants and Youth Clubs Committees.

All decisions made by these committees are ratified by the Trustees. There is also the Variety Great Days Out Committee whose main task is to provide fun and educational days out for disadvantaged children. Many of the Great Days Out programme of events are either sponsored or donated free of charge. Intangible income from this source is estimated to be worth £631,675 (2015: £704,039). This is included within the Statement of Financial Activities with an equivalent amount also included within expenditure.

Trustees are active members who have proved themselves to be dedicated and committed to the cause of the Charity. The Trustees are subject to election in accordance with the Articles of Association. Under Article 30, Trustees are appointed annually by notice in writing to Variety, signed by three of the officers of the Variety Club of Great Britain (Tent 36). Casual vacancies may be filled at any time by similar notice. Office as a Trustee shall be vacated under the provisions of Article 37.

All Trustees, by nature of the recruitment process, are already familiar with the work and procedures of the Charity. Before being put forward for election, the Chief Barker explains what will be expected from them, and once appointed they attend one or two Crew meetings before officially taking on the role.

They are also sent a copy of the Charity Commission's paper 'Responsibilities of Trustees' and asked to sign a paper confirming they understand this.

Day-to-day organisational and operational decisions are taken by a sub-committee of the Trustees which coordinates the activities of the various committees. Alongside the Trustees, of which there were 20 during the year, is an Advisory Board.

The Trustees during the year were:

Malcolm Brenner, Eliot Cohen, 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 (appointed 11 April 2016).

Statement of Trustees' responsibilities

The Trustees, who are also directors of Variety for the purposes of company law, are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and the group, and of the incoming resources and application of resources for that period. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently,
- observe methods and principles in the Charities SORP,
- make judgments 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Variety will continue in business.

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

Annual Report and Accounts 2016

So far as each of the Trustees is aware, there is no relevant information that has not been disclosed to the Charity's Auditors and each of the directors believes that all steps have been taken, that ought to have been taken, to make them aware of any relevant audit information and to establish that the Company's Auditors have been made aware of that information.

Variety is committed to being a quality organisation and maintaining high standards throughout its work. The Trustees have the authority, conferred by the Memorandum and Articles of Association, to invest the monies of Variety, not immediately required for its purposes, in such investments as may be thought fit.

The Trustees have overall responsibility for Variety's financial control. Such control can provide reasonable, but not absolute, assurance against errors or fraud. The control includes clearly documented accounting procedures and an understood delegation of the authority of the Trustees to the rest of Variety.

Professional indemnity insurance is held for Trustees.

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.

About our work

Last year Variety, the Children's Charity, again helped many children and young people throughout the UK who were sick, disabled or disadvantaged.

We work with individual children and organisations that share our purpose of enabling young people.

We help individual children through the provision of grants for bespoke specialist equipment that will improve their lives, and for the provision of wheelchairs.

Our Sunshine Coach programme provides adapted minibuses for the use of schools, clubs and organisations whilst we also provide fun and educational days out for groups of young people. We also provide grants to youth clubs.

We help to equip specialist hospital wards, schools and hospices.

Variety relies solely on donations from companies and private individuals as we receive no grants from government or local authorities. This reduces our vulnerability to local government cuts, but we are facing an increasing demand for our services.

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.

Grant-making policy and how grants contribute to the meeting the Charity's objects

Our grants policy is to finance specialist equipment for children with a wide range of disabilities (physical, learning and sensory) and organisations which support such children. The application process, together with informative guidelines, is explained on the Charity's website under each programme. Grant applicants can download application forms and see the Charity's policies for each individual programme e.g. Wheelchairs, Sunshine Coaches, Equipment and Youth Clubs.

It is an essential part of Variety's grant-making policy for individuals and organisations that all circumstances of the applicant are considered (medical, personal and financial). In addition, the degree to which the provision of the equipment will

Annual Report and Accounts 2016

make a tangible improvement in the everyday quality of life of the child, and his or her family is considered.

The benefits of the Charity's grant policy frequently extend beyond the obvious (such as increased mobility in the case of wheelchairs) to facilitating greater participation in family activities and shared play with friends and siblings, to the benefit of all.

Among Variety's primary objectives are the provision of care and the relief of financial need. The grants programmes directly enable these objectives to be met through the funding of life-enhancing equipment.

The cost of raising a child with disabilities is estimated at up to three times that of an able-bodied child (Source: Disabled Living Foundation). The demands of constant care can make full time and even part time employment virtually impossible for parents, adding further to the financial as well as the psychological and emotional pressures.

Achievements and performance

In 2016 we increased the support that we gave to sick, disabled and disadvantaged children. In particular we:

Enabled **33,457** children to enjoy a day out, an increase of 5% on 2015

Approved **182** grants, an increase of 18% on 2015

Provided **70** wheelchairs, an increase of 19% on 2015

Presented **63** Sunshine Coaches, an increase of 7% on 2015

Whilst our head office is in London, we are based across eight locations across the UK ensuring that we can provide help locally whilst fundraising across the country. Across the organisation we have extensive experience of the needs of children with a wide range of critical illnesses and disabilities. We call on the help of volunteer medical professionals to help us evaluate each individual request and ensure that exactly the right equipment is provided to suit the individual needs of each child.

We work to minimise the time taken from receipt of application to provision of equipment. In 2016 our lead times from date of approval to provision of funding were 72 days for wheelchairs, 90 days for grants and 9 months for coaches. We recognise that for some families and carers, just asking Variety for help can seem like yet another thing to cope with in an already stressful life.

We see the purpose of our work is to improve the

quality of life for children and young people by giving them opportunities for independence, freedom and fun. This is equally the case for disadvantaged young people as it is for those with critical medical conditions and disabilities. Our impact on many young people, and often the wider community, is far reaching. It is not just about keeping young people off the streets, it is about improving their confidence and self-esteem, encouraging them to interact with others as a group. Through our support for youth clubs, individuals whom we help often go on to become role models for younger members of their local community.

We are very grateful to our corporate supporters for their support that enabled us to help more children and their families during 2016.

The Variety Grants programme funds equipment to help children with a diverse range of conditions.

Equipment may be required to help with a medical condition such as a ventilator to help with a breathing difficulty, a monitor for children at risk of night time seizures, safe environments for children at risk from self-harm through inability to assess danger or sensory stimulation by light, colour or sound to assist children with arrested or delayed development.

In 1984, Variety created the Variety Children's Hospital at Kings College Hospital, London a partnership of which we are very proud having provided the funds over the years to enable the hospital to grow into what today is recognised as one of the world's foremost centres for Paediatric Liver and Kidney transplant surgery.

We recognise that behind each grant application is a very special young individual whose life can be improved if given the right help. During the year, Variety funded every approved grant request for equipment amounting to 154 grants, representing 3 grants per week.

In 2016 we funded a life changing operation for 3 year old Louie Elbourne. Born with cerebral palsy he longed for the same operation that had enabled his twin sister to walk. Working with the Mirror newspaper Variety provided funding for Louie to receive treatment in the USA. He is now taking his first steps and his life has changed for ever. Phil, Louie's Dad, will be running in the London Marathon in 2017 as a thank you to Variety, the Children's Charity.

Four year old Savannah always seems to have a smile on her face despite severe cerebral palsy which means she needs constant care and help with feeding and

Annual Report and Accounts 2016

changing. She loves books, music and people and probably gets her positive outlook from her mother who has a very positive outlook on life.

Savannah has very limited head control so needs help from mum to feed herself. Her dystonia means her legs and arms are very tight and stiff. So to help her, Variety funded a Mollii Suit. This high tech body suit help muscles to relax via carefully controlled electro stimulation of the muscles, so they can relax, enabling easier movement.

Savannah's mum says: "When the Mollii suit relaxes her muscles it is easier for me to help her with stretching exercises. If she puts the Mollii suit on before bedtime her hands are wide open and relaxed when she sleeps rather than her wrists being bent over as they were before"

The Variety Wheelchair Programme received and processed 95 applications in 2016 of which around 10% were subsequently withdrawn. Of the remainder over 79% were approved with rejected applications amounting to 18%, many of which were for trikes, bikes and buggies which are no longer part of the wheelchair programme.

Taken on average, it meant that every 5 days the Wheelchair Programme provided a disabled child with a wheelchair. Variety's beneficiaries came from almost every part of the country.

18 year old James has a passion for the great outdoors but life has made it particularly hard for him to indulge that passion. Severe epilepsy (between 10 and 30 seizures per day) has curtailed his development with consequential learning difficulties. He is dependent on full time care and a wheelchair for mobility.

Despite his many problems, James is a surprisingly happy young person. He enjoys music and socialising and has recently started to learn to use a computer that can be operated by his eye movements. James' parents make incredible efforts to give him as many typical life experiences as they can. Being able to share the great outdoors with him would dramatically improve his quality of life; a view shared by his Occupational Therapist and Head Teacher.

The NHS wheelchair that James was provided with is fine for the pavement but it just cannot cope with anything that might remotely be described as off-road. So, James could only view the great outdoors from afar. That's why Variety agreed to provide a more rugged Hippocampe wheelchair that would not only enable James to explore the outdoor places he longed to experience but would last him well into adulthood too.

James' mum says: "Variety gave James the opportunity to live and not just exist, you have put the variety back into James' life and I will always be grateful to you."

The Variety Sunshine Coach Programme approved 67 applications for coaches during 2016, the equivalent of a coach every 6 days.

Schools and organisations catering for children with Special Needs are able to apply for a Sunshine Coach and are asked to make a contribution to the substantial costs through their own fundraising efforts.

A typical Sunshine Coach costs in excess of £37,000 to equip and supply. By asking schools to contribute, we are able to provide more schools with coaches.

"[A] fantastic resource that enables our children to access places and activities that they would not normally be able to access [and] enjoy and learn about the world around them." Millwood School

"We are a Special Needs School, and our children benefit hugely by being able to access communities, trips and visits as well as curricular activities, PE Centres, that they would not otherwise be able to do. It enables us to provide a much more varied programme, flexibility in support of our pupils, help with residential visits, vocational visits, and much more." Woodlands Meed School

"The pupils benefit enormously from being able to go out into their local community to learn about independence skills such as shopping, and road safety on a regular basis. They also swim each week at our local pools which is the highlight of the week for many of our pupils. Our non-ambulant pupils are able to access a local swimming pool using our specially adapted bus for a Halliwick swimming session. A group of Year 11 pupils are visiting London next week using the bus, and this has enabled a non-ambulant pupil to travel with his friends. Having regular access to a modern, reliable, adapted bus in school ensures that we can deliver a full and relevant curriculum to our students with a variety of special needs. The bus is utilised fully, and is booked out by staff for morning and afternoon sessions each day during term time." The Forest School

Variety Great Days Out continued to provide children with disability or from disadvantaged backgrounds, with the kind of happy childhood experiences that most children take for granted. Thanks to our many corporate supporters we offer a wide range of trips throughout the year free of charge. In 2016 we were able to provide trips to all the schools and organisations who applied to participate, allowing over 33,000 children to have fun treats and

Annual Report and Accounts 2016

educational visits.

The scale and frequency of these outings, often involving several hundred children, along with teachers, carers, Variety's staff and volunteers, are on a level that few organisations are able to contemplate. It takes the experience accumulated by Variety over decades of running these amazing days out to successfully organise and operate them to such a consistently high standard. 2016 represented the 50th year of this programme and a number of events were held to celebrate this milestone.

In October 2016, Variety, treated over 5000 local school children to a day-out at West Midlands Safari Park. Those that attended had the opportunity to get up close and personal with all of the park's exotic inhabitants, courtesy of Variety's Great Day's Out Programme. The West Midlands Safari Park provided the tickets free of charge with the value being £75,000.

At the Animal Carnival at Bloomsbury Big Top, an infectious joyous steel drum band played while 650 children from schools all over London and the Home Counties, were entertained in the big top by stilt walkers, a strolling magician, face painters, amazing big animal puppets, animal hula hoopers and Chinese acrobatics workshops. The theme was continued with a Christmas in the jungle pantomime, lunch and finally a dance party with Santa and elves handing out Christmas goody bags.

Measuring the outcome of our programmes

Although it may appear that we have a diverse group of programmes they all have the common element of enabling the child or children to undertake more life-enhancing activities than were possible before or to do them more easily or more often.

Outcomes and impact vary not only from programme to programme but from child to child. Apart from the different personalities of the children, the range and complexity of multiple medical conditions mean an outcome that is possible for one child may not be applicable for another. There is often a clear positive impact on the lives of the parents and siblings of children assisted by Variety which is difficult to quantify but can be life changing.

We produce an impact report every 2 years looking at the change that our support has made for our beneficiaries and their families. It is compiled from feedback questionnaires sent to the families of beneficiaries after they have had time to experience the impact the service supplied by Variety has made on the everyday life of the child.

Our next impact report will be published in 2017. During the year we will be working on defining our theory of change and setting relevant benchmarks to ensure that we can quantify the real long term impact of the support that we give to young people.

Fundraising

Variety raises money in a number of ways including events, corporate partnerships, ongoing campaigns and one-off activities. Variety covers the whole of the United Kingdom and has operations in 7 English Regions and Scotland, each of which has the same aims.

Fundraising for the charity comes principally through the following activities:

- Corporate and individual donations
- Fundraising events
- Sale of Gold Hearts
- The Golfing Society
- Wills and legacies
- Trusts and foundations
- Community fundraising including challenge events

Variety's fundraising events are carried out through our wholly owned subsidiary Variety Events Limited. The company's net profit is donated to Variety, the Children's Charity. The results for the year are presented in the form of a statement of financial activities which incorporates the traditional income and expenditure account.

Fundraising activity highlights from 2016

One fundraising event during the year was fully integrated with the work that we support. Parallel London is the world's first fully inclusive and accessible challenge event. 17 participants and Young Ambassadors walked, ran and wheeled across 100m, 1k, 5k or a 10k route with the aim to raise funds and give back to the charity that once supported them.

One participant, Henry, who normally uses a Variety funded wheelchair, thought that wheeling in his chair would be too easy. Despite having spastic diplegia, cerebral palsy and serious sight impairments, he decided to walk 100 metres on his crutches. To see his ability and hard work to cross that finish line was unbelievable and motivating to the whole team.

Annual Report and Accounts 2016

On Tuesday 18th October 2016 we hosted a spectacular evening of performances to honour BBC Radio 2 with the Charity's inaugural Variety Hall of Fame Fellowship. Celebrating 50 years of BBC Radio 2, almost 500 guests, performers and celebrities attended the gala evening, which saw live performances from Gary Barlow, James Blunt, Petula Clark, Jamie Cullum, Tony Hatch, Holly Johnson, Gilbert O'Sullivan and The Shires, accompanied by the 66-piece BBC Concert Orchestra. Almost £90,000 was raised for children across the UK.

Gary Barlow, recipient of the Variety Hall of Fame Platinum Music Award, said: "I'm thrilled to have performed at Variety's first Hall of Fame event and honoured to receive the Variety Hall of Fame Platinum Music Award. Variety does a tremendous amount of great work all across the UK and I'm delighted to be a part of it all."

It was the 30th anniversary of the Yorkshire Business Awards in 2016 which raised over £90,000 in just three hours. To celebrate this occasion, Sir Trevor McDonald OBE attended as our guest speaker, Dame Diana Rigg accepted the Lifetime Achievement Award, olympic gold medallists the Brownlee Brothers took part in a Q&A session with our compere, Louise Minchin and we presented a posthumous Special Recognition Award to the family of the late MP Jo Cox.

In Scotland our most successful event was Hamilton Race Day. We benefited from sponsorship from McGratten Piling for £5,000 and support from volunteers from Santander. The event raised nearly £20,000.

2016 saw another successful fundraising campaign by The Bingo Association which was celebrated with a reception at The Houses of Parliament where Variety Celebrity Ambassador, Angela Rippon, was presented with a cheque for £500,000. This represented £250k raised in both 2015 and 2016 across 360 clubs by staff and members taking part in a range of activities including the London Marathon and a national charity bingo game. The Bingo Association continues to support Variety as the funds raised are helping children and young people in the communities in which Bingo Clubs operate.

Our Patrons of Variety scheme saw an increase to 12 members in 2016. Patrons donate £10,000 per year for a minimum of three years into the Charity's general funds to cover core activities. Patrons were hosted by Speaker of the House of Commons John Bercow in his magnificent official residence for supper and were joined by The Rt Honorable Philip Hammond, Chancellor of the Exchequer, The Rt Hon John Redwood MP, our Parliamentary Ambassador and The

Rt Hon Iain Duncan Smith, a frequent supporter of Variety. The Chancellor talked of the good work that Variety does and his memories of seeing our Sunshine Coaches when he was growing up.

In Manchester we held a Legends of Industry awards evening bringing together the best of the business, legal, sports, culinary and arts worlds. Warwick Davis, Ainsley Harriet, John McCarthy CBE, Angela Rippon OBE and Sir Norman Stoller received Awards on the night in front of an audience of over 400 people and raised £70,000 for our work.

We operate in a highly competitive market place and our traditional event fundraising, whilst in tune with our heritage, means we incur a higher cost of fundraising than some other organisations.

We follow all Data Protection legislation and guidelines from the Institute of Fundraising and Fundraising Regulator. We do not share any information with any third parties for contact or sales purposes. We only contact people by the methods that they have agreed and we have policies in place for communicating with vulnerable people. Our complaints procedure is published on our website and complaints received are monitored by senior staff to ensure they are quickly resolved.

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 2016. The results are set out on page 15.

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

Incoming resources increased by 13.4% to £7,633,516 over the previous year (2015: £6,729,520). Of this, £2,655,211 was generated through the trading subsidiary (2015: £1,962,598). Donations received totalled £4,027,506 (2015: £3,714,632) and legacy income was £201,147 (2015: £162,086). Intangible income was £852,910 (2015: £838,341) including Variety Great Days Out of £631,675 being gift-in-kind value placed on donated outings given for children under this programme and £35,735 other donated services and £185,500 in Variety Events Limited included in turnover of the trading subsidiary.

During the year, grants and donations of £2,720,851 were made (2015: £2,117,018) of which £2,362,679 was applied for the purchase of Sunshine Coaches and Electric Wheelchairs and £358,172 for grants to individuals principally for the purchase of specialist care or sensory play equipment, children's hospitals, and other organisations to help children who are sick,

Annual Report and Accounts 2016

disabled or disadvantaged.

Financial position and reserves policy

Variety works on the basis that future commitments are conditional - upon the raising of specific funds. 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 target of 3 months unrestricted reserves to cover our operating costs. They have reviewed this policy recently and have increased this to 6 months operating costs by the end of 2018. Unrestricted reserves are monitored quarterly by the Trustees.

Variety had a surplus of £101,992 in 2016, compared to surplus of £88,886 in 2015.

By the end of the year, total funds amounted to £2,818,912, of which cash balances represented £1,430,936.

Unrestricted funds were £1,688,416, of which fixed assets, net of the mortgage secured on our head office represented £1,328,377. Thus unrestricted cash reserves at 31 December 2016 amounted to £360,039, which is approximately two months of the budgeted overheads, slightly below the target set by Trustees.

Plans for the future

In 2017 we will continue to prioritise the needs of the sick, disadvantaged and disabled children that we work to help. We seek to be agile and responsive to individual need, and therefore the exact balance of our activities may vary through the year. During 2017 we will deliver our 5500th Sunshine coach. We will work hard to bring the average time to fulfil a grant once approved (except Sunshine coaches due to manufacturer lead time) to under three months.

2017 will be an important year for the governance of the Charity. The Trustees will review the governing documents and membership to ensure that our structure is fit for purpose in the current fundraising and operational environment. 2017 also sees the appointment of a Chief Executive to lead the staff team and to help this volunteer led charity to realise its potential whilst demonstrating compliance and best practice in all areas.

The Trustees will develop a new 5 year strategy for the organisation setting out measurable strategic objectives. To support their work in this area, a coherent impact measurement procedure will be

implemented to support decision making and reporting to donors.

Variety's roots in the film and entertainment industry will be honoured through the continuing development of high quality fundraising events and the development of the Celebrity Ambassador network. Alongside this intention is to recruit at least two more corporate partnerships whilst expanding our work to develop Charity of the Year partnerships and marketing collaborations.

We will implement a new integrated marketing and finance system during the year that will allow us to automate more processes, improve the quality of our data and ensure that we can meet best practice requirements in donor data management.

Having recognised the requirement to raise the profile of the Charity and the needs of the children that we work for, during the year we will run a campaign aimed to meet both these needs. We will also ensure that we are aware of the changing environment in which we are offering our assistance so we can continue to meet real needs and change the lives of young people and their families.

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

Annual Report and Accounts 2016

structure to ensure we work efficiently

* Organisational coordination, constitution and cohesion

- The appointment of a chief executive and the delegation of staff management to her is a major step towards bring cohesion and coordination to the organisation. During 2017 we will redraft our constitution to ensure that the organisation is fit for purpose

* 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 44 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 for the following aspects of the Charity's activities:

- Programmes
- Events
- Fundraising
- Scotland and English regional support
- Special projects

Each programme (such as Wheelchairs, Grants, Sunshine Coaches or Variety Great Days Out) has its own committee that assesses and processes the applications for help with the assistance of volunteers.

Events at major London venues and across the regions would not be possible without the help of volunteers in planning, promoting and running the events on the day.

Fundraising volunteers also help in supporting those who undertake sponsored challenge events in aid of the Charity.

Variety's Scottish and regional committees depend on volunteers to assist with administration and the running of fundraising activities and programme delivery.

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:

Annual Report and Accounts 2016

- 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

During the period covered by this report, the most senior management role in the Charity of Acting Chief Operating Officer was vacated by Brian Robertson in March. The Trustees have appointed a Chief Executive who joined in January 2017.

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.

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

Annual Report and Accounts 2016

Independent Auditors Report to The Trustees and Members

We have audited the financial statements on pages 15 to 29. The financial reporting framework that has been applied in their preparation is applicable in law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the Company's Members and the Trustees as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's Trustees and Members 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 Company and the Trustees, the company and the Company's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

As explained more fully in the Trustees' Responsibilities Statement, the Trustees' (who are also the directors of the Company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed Auditors under section 44(1) (c) of the Charities and Trustees Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Charity's circumstances and have been consistently applied and adequately disclosed; of the significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' annual report and accounts to identify

material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Charity and the group as at 31 December 2016 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 the United Kingdom Generally Accepted Accounting Practice;
- 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).

Opinion on other matter 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual 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 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) require us to report to you if, in our opinion:

- proper and adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

Annual Report and Accounts 2016

- the 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 in preparing the Trustees' Annual Report and the Strategic Report."

John Shuffrey - Senior Statutory Auditor

For and on behalf of

Saffery Champness LLP

Chartered Accountants and Statutory Auditors
71 Queen Victoria Street
London
EC4V 4BE

10th May 2017

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 2016

Notes	Unrestricted funds	Restricted funds	Total 2016	Unrestricted funds	Restricted funds	Total 2015	
	£	£	£	£	£	£	
Income and expenditure							
Income from:							
Donations and legacies							
	Donations, including tax credits	1,216,589	2,810,917	4,027,506	1,107,429	2,607,203	3,714,632
	Legacies and bequests	114,434	86,713	201,147	152,086	10,000	162,086
5	Intangible income	35,735	631,675	667,410	109,012	704,039	813,051
Other trading activities							
2	Turnover of trading subsidiary	2,189,262	465,949	2,655,211	1,656,045	306,553	1,962,598
Investments							
	Rental income	82,022	-	82,022	76,942	-	76,942
3	Investment income and interest	63	157	220	32	179	211
Total							
	3,638,105	3,995,411	7,633,516	3,101,546	3,627,974	6,729,520	
Expenditure on:							
Raising funds							
5	Expenditure on raising donations and legacies	773,601	135,499	909,100	1,069,725	166,270	1,235,995
Expenditure on other trading activities:							
2	Cost of sales of trading subsidiary	1,499,845	243,726	1,743,571	1,052,484	212,412	1,264,896
5	Events support	1,035,611	4,460	1,040,071	900,829	417	901,246
Total							
	3,309,057	383,685	3,692,742	3,023,038	379,099	3,402,137	
Charitable activities							
5	Sunshine Coaches	76,557	2,100,088	2,176,645	-	1,932,645	1,932,645
	Wheelchairs	(3,386)	379,265	375,879	-	288,045	288,045
	Grants	152,064	282,939	435,003	19,703	134,465	154,168
	Variety Great Days Out	154,561	696,694	851,255	141,558	722,081	863,639
Total							
	379,796	3,458,986	3,838,782	161,261	3,077,236	3,238,497	
Total							
	3,688,853	3,842,671	7,531,524	3,184,299	3,456,335	6,640,634	
26	Transfer between funds	-	-	-	73,935	(73,935)	-
Net movement in funds							
	(50,748)	152,740	101,992	(8,818)	97,704	88,886	
Total funds brought forward							
	1,739,164	977,756	2,716,920	1,747,982	880,052	2,628,034	
15,16	Total funds carried forward	1,688,416	1,130,496	2,818,912	1,739,164	977,756	2,716,920

All amounts relate to continuing activities.

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

The notes on pages 19 to 29 form part of these financial statements.

Variety, the Children's Charity
Consolidated Balance Sheet
At 31 December 2016

Notes		2016 £	2015 £
	Fixed assets		
9	Tangible assets	1,796,949	1,794,601
10	Investments	<u>665,814</u>	<u>665,814</u>
		2,462,763	2,460,415
	Current assets		
11	Debtors	397,553	377,397
	Cash at bank and in hand	<u>1,430,936</u>	<u>1,633,508</u>
		1,828,489	2,010,905
12	Creditors: amounts falling due within one year	<u>374,737</u>	<u>620,013</u>
	Net current assets	<u>1,453,752</u>	<u>1,390,892</u>
	Total assets less current liabilities	3,916,515	3,851,307
13	Creditors: amounts falling due after more than one year	1,097,603	1,134,387
	Total net assets or liabilities	<u>2,818,912</u>	<u>2,716,920</u>
	The funds of the group:		
16	Restricted income funds	1,130,496	977,756
15	Unrestricted funds	1,688,416	1,739,164
	Total group funds	<u>2,818,912</u>	<u>2,716,920</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.

These financial statements were approved by the Board of Trustees on 10th May 2017.

Trustees

Stanley A Salter

Pamela Sinclair

The notes on pages 19 to 29 form part of these financial statements.

Variety, the Children's Charity
Company Balance Sheet
At 31 December 2016

Notes		2016	2016
		£	£
	Fixed assets		
9	Tangible assets	1,796,949	1,794,601
10	Investments	665,914	665,914
		<u>2,462,863</u>	<u>2,460,515</u>
	Current assets		
11	Debtors	1,414,643	1,327,331
	Cash at bank and in hand	255,384	433,791
		<u>1,670,027</u>	<u>1,761,122</u>
12	Creditors: amounts falling due within one year	<u>216,375</u>	<u>370,330</u>
	Net current assets	<u>1,453,652</u>	<u>1,390,792</u>
	Total assets less current liabilities	3,916,515	3,851,307
13	Creditors: amounts falling due after more than one year	1,097,603	1,134,387
	Total net assets or liabilities	<u>2,818,912</u>	<u>2,716,920</u>
	The funds of the charity:		
16	Restricted income funds	1,130,496	977,756
15	Unrestricted funds	1,688,416	1,739,164
	Total charity funds	<u>2,818,912</u>	<u>2,716,920</u>

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 10th May 2017.

Trustees

Stanley A Salter

Pamela Sinclair

The notes on pages 19 to 29 form part of these financial statements.

Variety, the Children's Charity
Consolidated Cash Flow Statement
For the year ended 31 December 2016

Notes	2016 £	2015 £
22 Net cash provided by (used in) operating activities	(132,257)	205,221
Cash flows from investing activities:		
Dividends, interest and rent from investments	220	211
Purchase of tangible fixed assets	(33,752)	(6,657)
Net cash used in investing activities	(33,532)	(6,446)
Cash flow from financing activities:		
Repayments of borrowing	(36,784)	(34,825)
Net cash used in investing activities	(36,784)	(34,825)
Change in cash cash equivalents in the year	(202,573)	163,950
Cash and cash equivalents at the beginning of the year	1,633,509	1,469,559
Cash and cash equivalents at the end of year	1,430,936	1,633,509

The notes on pages 19 to 29 form part of these financial statements.

Variety, the Children's Charity.
Notes forming part of the financial statements
For the year ended 31 December 2016

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 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 2016. 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 legacy, are accounted for on a receivable basis, except for pledges and donations, which are accounted for on a receipts basis.
- 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. No income is recognised when there is no financial cost borne by a third party. 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 Costs of generating 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 6.
- 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**
 Fixed assets are carried at historic 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 2016

- 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.
- 1.12 Recognition of grants payable
Provision is only made in the financial statements when the specific funds have been raised and a commitment arises.
- 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 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 as at 31 December 2016.

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 2016

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.

	2016	2015
	£	£
Profit and loss account		
Turnover	2,655,211	1,962,598
Cost of sales	1,743,571	1,264,896
Gross profit	911,640	697,702
Fundraising and publicity	566,777	479,988
Management and administration	15,000	14,310
Net profit	329,863	203,404
Gift aid donation to Charity	329,863	203,404
Retained profit	-	-

The aggregate of the assets, liabilities and funds was:

Assets	1,348,782	1,435,648
Liabilities	(1,348,682)	(1,435,548)
Funds (representing 100 ordinary shares of £1 each)	100	100

3 Investment income

	2016	2016
	£	£
Interest	220	211
	220	211

4 Employees

	2016	2015
	£	£
Staff costs		
Wages and salaries	1,312,713	1,249,305
Social security costs	121,454	116,239
Other pension costs	62,619	44,258
	1,496,786	1,409,802

Included in the above is an ex-gratia payment of nil (2015: £4,583).

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

	2016	2015
Fundraising	11	16
Events	13	11
Sunshine Coaches	2	2
Wheelchairs	1	1
Grants	1	1
Variety Great Days Out activities	2	1
Support	8	9
	38	41

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

	Number	Number
	2016	2015
£60,000 to £69,999	1	1
£70,000 to £79,999	-	1
£80,000 to £89,999	-	-
£90,000 to £99,999	-	-
£100,000 to £109,999	1	-

The key management personnel of Variety comprises the Trustees, the Chief Operating Officer and Senior Management Team. The total combined contractual benefits of the key management personnel of Variety were £394,074 (2015: £298,507).

**Variety, the Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2016**

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 (£)	Grants (£)	2016 Total	2015 Total
	Direct	Apportion basis (staff numbers)	Allocated support costs	Direct	Apportion basis (staff numbers)	Allocated support costs				
Expenditure on:										
<i>Raising funds</i>										
Expenditure on raising donations and legacies	465,126	38.0%	116,762	52,902	38.0%	264,227	10,083	-	909,100	1,235,995
Expenditure on other trading activities	-		-	1,743,571		-	-	-	1,743,571	1,249,996
Cost of sales of trading subsidiary	548,040	44.2%	135,683	33,735	44.2%	307,046	15,567	-	1,040,071	901,246
Events support	1,013,166		252,445	1,830,208		571,273	25,650	-	3,692,742	3,387,237
<i>Charitable activities</i>										
Sunshine Coaches	50,055	5.2%	16,069	32,286	5.2%	36,364	1,553	2,040,318	2,176,645	1,932,645
Wheelchairs	19,189	3.3%	10,087	29,276	3.3%	22,826	1,323	322,361	375,879	288,045
Grants	35,814	4.0%	12,174	47,988	4.0%	27,548	1,273	358,172	435,003	154,168
Variety Great Days Out	71,440	5.3%	16,347	87,787	5.3%	36,994	1,604	724,870	851,255	863,639
	176,498		54,677	231,175		123,732	5,753	3,445,721	3,838,782	3,238,497
	1,189,664	100.0%	307,122	1,496,786	100.0%	695,005	2,557,614	31,403	7,531,524	6,625,734

An analysis of 2016 grants and donations is contained in note 19 to the financial statements. The value of support costs allocated to grant making activities was £178,409 (2015: £169,254)

Total expenditure includes £667,410 an equivalent amount being described as intangible income in the Statement of Financial Activities. This comprises £631,675 in respect of Variety Great Days Out activities (part of direct charitable expenditure), £3,120 PH and Advertising, £32,615 Deliveries/Courier.

Analysis of support cost

	Staff		Other		Total		Raising donations		Event support		Charitable activities		Grand Total		Basis of allocation
	£	%	£	%	£	%	£	%	£	%	£	%	£	%	
Governance/Legal	9,869	159.737	-	-	169,606	38.0%	64,481	74,930	30,195	169,606	17.8%	100%	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.		
Finance & Administration	121,930	-	-	-	121,930	38.0%	46,355	53,867	21,707	121,930	17.8%	100%	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.		
IT & Database	36,298	71.801	-	-	108,099	38.0%	41,097	47,757	19,245	108,099	17.8%	100%	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.		
Office costs	24,400	221.708	-	-	246,108	38.0%	93,565	108,728	43,915	246,108	17.8%	100%	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.		
HR/Staff related costs	8,133	61.547	-	-	69,680	38.0%	26,491	30,784	12,405	69,680	17.8%	100%	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.		
Media/Publicity	88,147	74.039	-	-	162,186	38.0%	61,660	71,652	28,874	162,186	17.8%	100%	Costs relate to publicity involved in raising the charity's profile. They have been allocated to fundraising		
Other support costs	18,345	106.173	-	-	124,518	38.0%	47,339	55,011	22,168	124,518	17.8%	100%	Support costs directly allocated to the respective functions, then apportioned using estimate of employee time on specific activities.		
Function Total	307,122	695,005	1,002,127	178,409	1,002,127	380,989	442,729	178,409	1,002,127	1,002,127					

Variety, the Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2016

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 £32,206 (2015: £18,115).

Variety purchased insurance costing £297 (2015: £3,036) 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:	2016	2015
	£	£
Depreciation		
- office equipment	7,219	4,553
- freehold building	24,184	24,184
Auditors' remuneration - audit	30,000	29,310
Auditors' remuneration - taxation	5,150	5,760

8 Parent charity

The trading subsidiary does not retain any profits for the year. Hence the consolidated movement in funds is the same as for the parent company.

9 Tangible assets

Group and company	Freehold land and buildings £	Office equipment £	Total £
Cost			
1 January 2016	2,279,182	19,088	2,298,270
Additions	-	33,752	33,752
31 December 2016	2,279,182	52,840	2,332,022
Depreciation			
1 January 2016	493,364	10,306	503,670
Charge for the year	24,184	7,219	31,403
31 December 2016	517,548	17,525	535,073
Net book value at 31 December 2016	1,761,634	35,315	1,796,949
Net book value at 31 December 2015	1,785,819	8,782	1,794,601

The freehold property was revalued on 23 January 2013 at £2.5m by Cushman & Wakefield LLP, chartered surveyors. The previous valuation was carried out on 31 December 2008.

10 Fixed asset investments	Notes	Group	Company	Group	Company
		2016	2016	2015	2015
		£	£	£	£
Investment in subsidiary	(a)	-	100	-	100
Investment property	(b)	665,814	665,814	665,814	665,814
		665,814	665,914	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 at 31 December 2016.

Variety, the Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2016

11 Debtors	Group 2016	Company	Group 2015	Company
	£	£	£	£
Trade debtors	167,556	37,970	272,699	70,795
Amounts due from subsidiary undertaking	-	1,190,320	-	1,185,865
Other debtors	139,697	129,111	22,975	19,001
Prepayments and accrued income	90,300	57,242	81,723	51,670
	397,553	1,414,643	377,397	1,327,331

All debtors are due within one year.

12 Creditors: amounts falling due within one year	Group 2016	Company	Group 2015	Company
	£	£	£	£
Accruals for grants payable	59,535	59,535	78,705	78,705
Mortgage (secured - see note 13)	36,784	36,784	34,825	34,825
Trade creditors	119,759	59,190	318,593	176,300
Accruals and deferred income	123,261	41,826	155,775	64,421
Taxation and social security	10,041	12,986	11,528	11,528
Other creditors	25,357	6,054	20,587	4,551
	374,737	216,375	620,013	370,330

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

	2015 £	Charge for the year £	Payments £	2016 £
Wheelchairs	55,982	239,513	(246,959)	48,536
General Grants	22,723	110,503	(122,227)	10,999
	78,705	350,016	(369,186)	59,535

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 2016	65,602	23,428
Amount released to income earned	(65,602)	(23,428)
Amount deferred in year	65,825	5,062
Balance as at 31 December 2016	65,825	5,062

13 Creditors: amounts falling due after one year

Group and company	2016 £	2015 £
Mortgage (secured)	1,097,603	1,134,387
	1,097,603	1,134,387

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	38,853	36,784
In more than two years but not more than five years	84,386	79,892
In more than five years	974,364	1,017,711
	1,097,603	1,134,387

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

47%	48%
------------	-----

Variety, the Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2016

14 Analysis of group net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Fixed assets	2,462,763	-	2,462,763
Current assets	636,472	1,192,017	1,828,489
Current liabilities	(313,216)	(61,521)	(374,737)
Long-term liabilities	(1,097,603)	-	(1,097,603)
Total net assets	1,688,416	1,130,496	2,818,912

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.

15 Unrestricted funds

Group and company

	£
At 1 January 2016	1,739,164
Net outgoing resources for the year before transfers	(50,748)
At 31 December 2016	1,688,416

16 Restricted funds

Group and company

	Opening Balance £	Income £	Expenditure/ transfers £	Closing Balance £
Sunshine Coaches	147,909	1,842,278	(1,727,249)	262,938
Wheelchair Programme	202,633	372,227	(339,228)	235,632
Variety Club Golfing Society	137,072	622,228	(574,543)	184,757
Special Purpose Funds	344,808	210,408	(273,572)	281,644
Regions	53,247	315,595	(296,404)	72,438
Kings College Hospital	92,087	1,000	-	93,087
Variety Great Days Out	-	631,675	(631,675)	-
	977,756	3,995,411	(3,842,671)	1,130,496

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.

Variety Great Days Out

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

Variety, the Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2016

16 Restricted funds (continued)

Regions

Variety's regional committees in the UK make grants and donations for Sunshine Coaches and Wheelchairs from their own funds as well as general Grants from unrestricted funds. The balance represents the restricted funds at 31 December 2016.

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.

17 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.

18 Share capital

As Variety is limited by guarantee, there is no share capital. At 31 December 2016, there were twenty members (2015 - 21), 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.

19 Grants and donations

	Individuals	No	Institutions	No	Total	No
	£		£		£	
Grants	199,966	104	158,206	78	358,172	182
Sunshine Coaches	-	-	2,040,318	63	2,040,318	63
Wheelchairs	321,159	69	1,202	1	322,361	70
	<u>521,125</u>	<u>173</u>	<u>2,199,726</u>	<u>142</u>	<u>2,720,851</u>	<u>315</u>

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

	£
Marian Vann Primary School, London NW1	60,570
James McFarlane School, Ardrossan, Ayrshire	38,133
Parklands Cp School, Leeds	38,103
KTS Academy, Cleveland	38,103
Lydgate School, Holmfirth, West Yorkshire	38,103
The Forest School, Knaresborough, North Yorkshire	38,103
Hadrian School, Newcastle Upon Tyne	38,103
Portland Academy, Sunderland	38,103
Seashell Trust, Cheadle Cheshire	38,083
Everton in the Community, Liverpool	38,083
Millwood Primary Special School, Manchester	38,033
King David High School, Manchester	38,033
Oakwood Academy, Manchester	38,033
Coppice School, Preston, Lancs	38,033
Ysgol Heulfan, Wrexham, Clwyd	38,033
Overmonnow Primary School, Mounmouth, Gwent	38,023
St Francis School, Lincoln	38,003
Three Ways Close, Bath	37,988
Lancaster School, Westcliff on Sea, Essex	37,918
Reynards Cross School, Solihull	37,913
Merstone School, Birmingham	37,913
Brooklands School, Reigate	37,903
Perseid School, Morden, Surrey	37,903
Woodlands School, Leatherhead, Surrey	37,903
Manor Green College, Crawley, W Sussex	37,903
Sherwood Park School, Wallington, Surrey	37,903
George Greens School, London E14	37,903

Balance carried forward

1,048,828

Variety, the Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2016

19 Grants and donations (continued)	£
Balance brought forward	1,048,828
Gibside School, Newcastle Upon Tyne	34,038
Ashgate Specialist Support Primary, Manchester	33,782
Heaton School, Stockport, Cheshire	33,782
Trinity Fields School, Hengoed, Mid Glam	33,772
Royal School for the Deaf, Derby	33,752
Grangewood School, Pinner, Middx	33,662
Pond Meadow School, Guildford, Surrey	33,652
Perseid School, Morden, Surrey	33,652
Alton College, Alton, Hampshire	33,652
Rachel Madocks School, Waterlooville, Hampshire	33,652
Harrogate and District NHS Foundation Trust, Harrogate	32,934
Highfurlong School, Blackpool	30,000
Newlands Junior College, Glasgow	28,405
Park School, Kilmarnock, Ayrshire	28,355
St Peters Cof E Primary, Cleveland	28,325
St Aloysius Primary Federation, Hebburn, Tyne & Wear	28,325
Hollymount School, Worcester	28,295
Tuxford Primary School Academy, Newark	28,225
Lampard Community School, Devon	28,210
Edith Borthwick School, Braintree, Essex	28,140
Harbour School, Dover	28,125
Heathfield School, Fareham, Hants	28,125
Childs Hill Primary School, London NW2	28,125
West S I L C, Pudsey, West Yorkshire	26,265
Wargrave House School, Merseyside	26,155
Princes Primary School, Liverpool	26,105
Brynlywarch Hall School, Newtown, Powys	26,095
Five Acre Wood School, Maidstone Kent	26,005
Chantry Primary Academy, Luton	25,985
St Elizabeths School, Hertfordshire	25,985
Walnuts Special School, Milton Keynes, Bucks	25,985
Garratt Park School, London SW18	25,975
Wishmore Cross School, Woking	25,975
Cambridge School, London W12	25,975
Woodlands Meed, Burgess Hill, West Sussex	25,975
The New Rush Hall School, Ilford, Essex	25,975
Lineham Farm Children's Centre	10,936
Princess School, Liverpool	8,837
Ravensbourne Project, London SE6 2QT	7,745
John Jamieson School, Leeds	7,518
Foxfield School, London SE18	3,764
Donations under £5,000	62,658
	2,199,726

20 Commitments

As at 31 December 2016, Variety was committed to supplying Sunshine Coaches totalling £436,350 (2015: £294,500) 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.

Variety, the Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2016

21 Pensions

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

22 Reconciliation of net income/(expenditure) to net cash flow from operating activities	2016	2015
	£	£
Net income for the reporting period	101,992	88,886
Adjustments for:		
Depreciation charges	31,403	28,737
Dividends, interest and rent from investments	(220)	(211)
(Increase)/Decrease in debtors	(20,156)	36,229
(Decrease)/Increase in creditors	(245,276)	51,580
Net cash (used in) provided by operating activities	(132,257)	205,221

23 Operating lease commitments

At 31 December 2016, the group had future lease payments of £55,054 (2015 - £58,662) under non-cancellable operating leases as set out below.

	Office Equipment	
Operating leases which expire:	2016	2015
	£	£
Less than 1 year	24,016	30,991
Between 1 and 2 years	18,660	18,914
Between 3 and 5 years	12,378	8,757
	55,054	58,662

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 **£2,039,098** (2015: £1,783,244) for the Sunshine Coaches, a company of which Mr William Sangster is a consultant.

Legal fees of **£6,498** (2015: £11,985) payable to Howard Kennedy LLP, a firm of which Mr Jason Lewis is a partner.

Rod Natkiel Associates Limited **£30,091** (2015: £35,034) 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.

Platinum Sports Management **nil** (2015: £140) (Mr John Barnett is a director and shareholder of this company), Mr Malcolm Brenner **nil** (2015: £200), Mr Laurence Davis **nil** (2015: £5,100), Conduit Investment Ltd **nil** (2015: £3,976) (Mr Laurence Davis is a director and shareholder of this company), Sautter Ltd **nil** (2015: £400) (Mr Laurence Davies is a director and shareholder of this company), Mr Anthony Harris **nil** (2015: £3,900), Mr Jason Lewis **£3,065** (2015: £6,965), Howard Kennedy LLP **nil** (2015: £6,065) (Mr Jason Lewis is a partner of this firm), Vetiver Properties Ltd **£7,170** (2015: £7,170) (Mr Jason Lewis's wife is a director and shareholder of this company), Interproperty Systems Ltd **nil** (2015: £660) (Mr Ronnie Nathan is a director and shareholder of this company), Rod Natkiel Associates Ltd **nil** (2015: £1,235) (Mr Rod Natkiel is a director and shareholder of this company), Mr William Sangster **nil** (2015: £448), Northern Commercials (Mirfields) Ltd **£57,600** (2015: £15,500) (Mr William Sangster is a consultant of this company), ROAR Global Ltd **nil** (2015: £250) (Mr Jonathan Shalit is a director and shareholder of this company), Palace Capital plc **£4,081*** (2015: nil) (Mr Neil Sinclair is a director and shareholder of this company).

*paid after the year end.

Variety, the Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2016

25 Transactions with trustees and connected persons (continued)

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

The Fraser Agency **£1,365** (2015: £737) for printing fees. Mr Alan Fraser, who is a committee member, is a proprietor of that business.

The Neil Drover Agency **£18,291** (2015: £22,900) 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 **£5,062** (2015: nil) 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 **£18,860** (2015: £1,197).

26 Transfer between funds

The prior year transfer between funds of £73,935 relates to the adjustment made on transition to FRS102 to re-classify 35.51% of the fixed asset property as an investment property. The transfer reflects an increased in carrying value of the land and buildings to £2.5m and depreciation adjustments for 2014 and 2015.