

Annual report and accounts 2021



Annual Report and Accounts 2021

Year ended 31 December 2021

Chief Barker's report

I am delighted to present our 2021 Annual Report and Accounts.

When we look back at the past year, it's hard not to think of the ongoing pandemic and the huge impact it had on so many lives. The year 2021 was a devastating year for many of us, especially those who lost loved ones, coped with illness or lived with isolation. For disabled and disadvantaged children, it was a time when the right support was hard to come by, and many saw their physical and mental health go downhill.

For our charity it was an exceptionally challenging year. Our ability to fundraise was drastically reduced at a time when children needed our services more than ever. We had to review and make difficult decisions about how we raised money, how we were structured and how we delivered our programmes.

However, I am proud of how we adapted and delivered our support in tough times. Throughout the year we continued to support disadvantaged and disabled children via the provision of grants for equipment, wheelchairs and Sunshine Coaches. We also adapted our Variety Great Days Out programme to provide children with virtual experiences until it was possible to physically enjoy days out again.

Then, with the easing of lockdown restrictions in the summer and autumn of 2021, we were able to successfully market and hold a number of fundraising events, including our 29th annual Props lunch in London and the Legends of Industry event in Manchester. At the same time, building on our recovery plan from earlier in the year we focused on recruiting roles in our fundraising and marketing teams.

In 2021 we spent over £1.9m on the provision of 229 grants and gifts to disabled and disadvantaged children. In total we supported 18,438 children and young people to receive better care, to improve their mobility, independence and wellbeing, to facilitate access to educational experiences - and to better cope with the pressures of the pandemic.

I'd like to recognise the leadership and commitment, of our Chief Executive, Conrad Hollingsworth, who successfully led us through an extremely difficult pandemic period. I would further recognise the considerable contribution of our long serving Finance Director, Taina Teegan, who after 19 years left us in the latter part of the year for a new adventure. I would also like to recognise our North West Development Director Lyn Staunton for her consistent performance, and I would like to thank new members of our developing senior management team for their valued contribution.

I'm equally grateful to our previous Chief Barker, Dilly Kitchlew-Williamson, trustees and committee members who have unfailingly given their time and energy to guide the charity through the crisis using the best combination of experience and expertise.

Finally, I want to thank our staff, volunteers and supporters. In such a challenging year we couldn't have done it without their enormous effort and dedication. Looking ahead, I am confident that we can continue to grow and develop our services in 2022 and beyond - making sure children don't miss out on the experiences and connections that should be part of every childhood.

Tushar Prabhu

Senior Vice President 2021 and Chief Barker and Chair of Trustees 2022

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TRUSTEES

- Tushar Prabhu - Chief Barker
- Stanley A Salter - Secretary and Treasurer
- Professor Jonathan Shalit OBE - Senior Vice-President
- Malcolm Brenner (retired 31 March 2022)
- Anthony Harris (retired 31 March 2022)
- Dilaram Kitchlew-Williamson
- Jason Lewis
- Tesula Mohindra (appointed 29 April 2021)
- Ronnie Nathan
- Guy Remond (appointed 28 September 2021)
- Neil Sinclair
- Pamela Sinclair (retired 31 March 2022)
- Ben Whittle (appointed 11 February 2022)

Chief Executive

Conrad Hollingsworth

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 2021

The Trustees submit their Annual Report and Financial Statements of Variety, the Children's Charity (Variety or the charity), a company limited by guarantee, for the year ended 31 December 2021. The Trustees' Annual Report includes the Directors' Report for the purposes of the Companies Act 2006.

Structure, governance and management

The charity currently has 10 Trustees, who are elected every three years, with one third due for re-election each year. They convene at least four times each year. There is a supporting committee covering Audit, Finance and Risk which also convenes at least four times each year.

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

On appointment, Trustees sign a register of interests, which is renewed annually.

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

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

To facilitate effective operations, the Chief Executive has delegated authority, within the terms of delegation approved by the Trustees, for the operational matters of the charity.

The Chief Executive reports on performance against the strategic and operational plans approved by the Board and meets with the Chair on a regular basis.

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

The Trustees and staff are supported in the business of the charity by a number of volunteers. There are 134 volunteers known as 'Barkers'. The Chair of Trustees, elected annually for a term of one year, is known as the Chief Barker. Each year, the Trustees elect a number of Barkers to a standing

committee (known as 'Crew') whose focus is on fundraising, the development of new events and furthering the mission of the charity.

The Trustees during the year were:

Malcolm Brenner, Anthony Harris, Dilaram Kitchlew-Williamson, Jason Lewis, Tesula Mohindra, Ronnie Nathan, Tushar Prabhu, Guy Remond, Stanley A Salter, Professor Jonathan Shalit OBE, Neil Sinclair, Pamela Sinclair.

History

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

Employees and volunteers

Variety currently employs 19 people (both full-time and part-time) in its offices across England and Scotland. The charity depends on the commitment and hard work of these staff, who are highly valued. Traditionally, Variety is a volunteer-run charity and relies heavily on volunteer involvement for the running of its many events, including fundraising events and Variety Great Days Out. The Trustees are enormously indebted to these volunteers for their continued support.

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

- Events
- Fundraising
- Programmes
- Special projects

Management remuneration policy

The Chief Executive is appointed by the Trustees. All other key management personnel are appointed by the Chief Executive. Appointments at this level 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.

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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 age, disability, national origin, race, religion and sex or any other grounds which are unjustifiable in terms of equality of opportunity for all.

Objectives and activities

The legal objects of the charity, as set out in the Memorandum of Association, the governing document of Variety, are as follows:

- To promote and provide for the care and upbringing of sick, disabled and disadvantaged children up to the age of nineteen 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.

In setting our objectives and planning our activities, the trustees have given due regard to the Charity Commission's guidance on public benefit.

Meeting our objectives through Variety's work

When statutory funding cannot adequately meet a child's needs, Variety steps in. Providing high quality, practical, bespoke equipment solutions, and educational experiences through memorable activities, remains Variety's fundamental objective.

We support children in four ways:

- **Mobility** – our equipment grants fund customised wheelchairs and Sunshine Coaches for schools - helping children travel safely, learn on the move and embrace a sense of freedom and discovery.
- **Education** – our equipment and tech grants to youth clubs and young people's organisations encourage learning, develop skills and boost confidence and mental health.
- **Experience** – we love creating memories through Variety Great Days Out – experiences that broaden horizons, offer positive role models, encourage social mobility – and are great fun.
- **Health** – we equip children's hospitals, including our own Variety Children's Hospital, with the latest medical technology and life changing aids.

Grant giving activities

In response to the Covid-19 pandemic, our priority in 2021 was to meet the immediate needs of children through providing grants to individuals. To meet this demand, we once again temporarily reduced our support for not-for-profit statutory and voluntary organisations (this did not include our Sunshine Coaches programme) such as schools, hospices, hospitals, youth clubs and community organisations with charitable, Community Interest Company (CIC) or other appropriate status.

Our grant giving programmes improve children and young people's mental and physical wellbeing, reduce loneliness and social isolation, enable independence and mobility, increase participation in sport, contribute to sustained improvements in health and physical development and more.

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

Each grant application is initially screened by our staff to ensure it falls within the charity's funding guidelines. It is then passed to a committee of volunteers for assessment which is conducted either by an in-person visit or over-the-phone. In order to process these grant applications quickly, phone assessments and approvals were undertaken by staff and volunteer support, with most grants approved and despatched within four weeks of application.

Experiences

In addition to our grant-giving programmes, Variety also provides memorable and valuable childhood experiences through our Variety Great Days Out programme. The programme aims to improve wellbeing in children and young people by reducing social isolation and increasing participation in previously inaccessible experiences. We do this by removing barriers to opportunities, by building social skills and increasing confidence. In short, these trips out are of the kind that most children take for granted but which our beneficiaries may not otherwise have the chance to enjoy or participate in.

The impact of our programmes

In 2021, we spent over £1.9m on the provision of 229 grants and gifts to disabled and disadvantaged children. In total we supported 18,438 children and young people to receive better care, to improve their mobility, independence and wellbeing, to facilitate their access to education and to better cope with the pressures of the ongoing pandemic.

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Equipment grants

Throughout the lockdown measures in 2021 Variety continued to provide tangible, practical support to make an immediate difference to the daily lives of disabled children at home. In the year Variety provided 66 grants for types of equipment relating to care, mobility, and wellbeing at an average of £2,650 each, totalling £174,874.

These grants comprised:

- 6 assistive devices enabling better care (such as sleep systems, bathing equipment and orthopaedic seating)
- 10 items of play and sports equipment
- 19 items of sensory equipment
- 6 assistive devices enabling mobility (including car seats and walking frames)
- 25 other items (including assistive technology and IT equipment items)

Ben's story

Ben, from Hampshire, is a very lively 12-year-old who likes to be busy at all times. He loves music, dancing and interaction with others.

Ben was born with a brain malformation called polymicrogyria which has caused him to have severe learning disabilities, visual impairment and other problems, including severe sleep issues – he hasn't slept well since birth. This has had a significant impact on his family's wellbeing.

Ben has zero danger awareness and moves around a lot in bed, and his family has had to explore different solutions for his sleep issues in line with his changing needs over the years.

Following the advice of Ben's occupational therapist, the family acquired a fully enclosed 'safe space' bed, which would prevent him from reaching any walls. However, Ben is very much a sensory-seeker and this new enclosed bed provided the ideal environment for him to run around during the night and bounce off the walls in an effort to get more sensory stimulation. This behaviour would sometimes go on for hours during the night, causing the whole house to vibrate – and it only increased as Ben got older and bigger.

Clearly, a new option was needed. Mum Emma applied to Variety for funding for a new, more compact, low-sensory, multi-functional safe space bed. The bed was delivered at about the same time as the start of the first Covid-related lockdown.

For the first few nights, Ben was very unsettled in his new bed but he soon grew accustomed to it. As the bed is too low for him to stand up in, he now quickly settles himself to sleep. He quite often pulls the entrance zipper down when he gets into his bed as if to say: "leave me alone now!".

Lockdown was an awful time for the family as Ben's behaviour became very challenging. The one thing the family held onto every day was the fact that Ben would go to bed and fall asleep every night and they could have some respite. He has even had a couple of 'lie-ins' – once until 8.30 a.m. Emma tells us that this was previously unheard of.

Emma says: "Thank you so much to Variety and everyone who donates and raises money. The bed your money paid for has had a huge impact on my life; I had forgotten what it was like to get a full night's sleep".

Wheelchair grants

For children and young people whose primary need is to be independently mobile, the impact of a Variety funded wheelchair, whether powered or manual, is extraordinary.

In 2021 Variety provided 40 wheelchair grants at an average of £5,013 each, totalling £200,527.

The right wheelchair can offer independence to a child or young person, giving them the freedom to explore their environment in their own way, get around at school, keep up with their friends and take part in social activities, sports and hobbies.

We know that a wheelchair has to be appropriate for each child's needs and environment, however, and this is why we part and fully fund a range of different manual, powered and sports wheelchairs according to the individual's age, medical condition and lifestyle.

In 2021 Variety provided:

- 16 manual wheelchairs
- 14 powered wheelchairs
- 8 sports wheelchairs
- 2 wheelchair accessories

PJ's story

Ten-year-old Patrick - known as PJ - received a Tilite ZRA 2 lightweight, ultra-modern wheelchair from Variety thanks to the support of Veolia Water Technologies.

Variety is Veolia's designated charity in the UK and the High Wycombe office wanted to see its fundraising efforts go back into the community and benefit a local child. PJ has Hereditary Familial Spastic Paraparesis, which reduces strength and movement, especially in his legs. It means walking can be a huge struggle.

Having successfully ridden with the Riding for the Disabled Association (RDA) since he was three, PJ looks to have a great sporting future ahead of him. He's won a National Dressage competition and played wheelchair basketball at Stoke Mandeville Hospital.

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Veolia's employees in High Wycombe raised the money for Variety through various initiatives including cakes sales and an auction of goods. So far they have raised £11,000 for the charity.

Patrick's mum Fiona said:

"Our whole family has benefited from PJ getting his new wheelchair. We've been to Central London on the train and tube to meet up with friends. Previously we were limited to places I could drive to, and I hate driving into London! PJ also went on a residential trip with his school where thanks to his wheelchair, he was able to join in every activity with his friends."

Katherine Packham from Veolia said:

"Meeting PJ and knowing that he now has the opportunity to continue in activities with his friends is a truly rewarding experience."

Variety Great Days Out

In 2021 Variety took 10,533 children on 84 Great Days Out, at a cost of £272,745.

We know how important it is to create positive childhood memories. When a day at the seaside, a trip to a theme park, or a visit to Santa's grotto at Christmas is out of reach because there just isn't the money available, Variety can help. Our Great Days Out can broaden horizons, build social skills and support learning and development for disadvantaged children.

In 2021:

- 5,610 children visited zoos, safari parks, wetland centres and farms
- 2,369 children attended Variety Christmas parties
- 185 children went to beach parties
- 20 children went to theatre shows
- 25 children went fishing
- 2,324 children were taken on other Variety Great Days Out, including Zoom parties

Bethany School's story

Variety funded an outing for a group of young carers and pupils from Bethany Junior School, Bournemouth, to the New Forest Wildlife Park, near Southampton. Among the highlights of the day were encounters with a snowy owl, a pair of wallabies, a sleepy fox, some pacing wolves and a gang of playful otters.

The trip gave the children a much-needed break from caring, as well as the chance to have fun, reconnect with the natural world and create some fantastic memories.

Liz Rawson-Jones, pastoral lead at Bethany School said:

"Some of the children have only been at Bethany for a few weeks. To be able to take them out of school on a trip, after all they have been through over the last 18 months, felt amazing. They finished off their day in the play park zipping down the zip wire and climbing wonderful rope structures, simply having the freedom to run and play, to be children and have fun. They loved this."

Variety Sunshine Coaches

In 2021 Variety supplied 39 Sunshine Coaches, in 32 towns and cities, at a cost of £1,273,873.

Variety's famous Sunshine Coaches are specially adapted, accessible minibuses that cater for SEND (Special Educational Needs and Disability) schools and other non-profit organisations working with disabled and disadvantaged children and young people.

Our coaches give youngsters the opportunity to explore places they would otherwise never visit, experience different learning environments and gain life skills outside the classroom – all while supporting their physical, social and language development.

Having their own coach enables schools and organisations to plan recreational or educational trips with less hassle and more confidence, knowing pupils will be travelling in safety and comfort. In the year we supplied 39 new vehicles, adding to the 900 already on the road.

Sunshine Coaches delivered in 2021 by region:

- 1 Scotland
- 2 Wales
- 9 Midlands
- 3 Northern England
- 24 Southern England

Maes Ebbw School's story

The Maes Ebbw School in Newport has a brand new Variety Sunshine Coach, funded by Variety and St. James's Place Charitable Foundation.

Trips in the Sunshine Coach will enable the school's pupils to benefit from group activities that they otherwise would not be able to do, and in the process equip them with skills that will be beneficial throughout their lives. The school has already planned for groups of pupils to visit Able Radio - a local radio station - to take part in and produce radio shows.

Headteacher Nicola Allan said:

"The new minibus will allow the pupils so many opportunities to take part in activities in the community. Having a specialist minibus for the pupils to travel in safety and comfort allows us to take learning beyond the school".

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Fundraising activities

Variety typically does not receive government or statutory funding/contracts and is therefore greatly dependent on voluntary funds from our varied supporters. We adopt an ethical and transparent approach to our fundraising, and we are a proud member of the Fundraising Regulatory Scheme and the Institute of Fundraising and adhere to all their relevant standards. We did not use the services of professional fundraisers in 2021, nor did we carry out any 'face to face' fundraising in the year.

During the 2021 financial year we also did not receive any complaints regarding our fundraising activities, but in the event of receiving any complaints of this nature, we follow a strict complaints procedure.

Notable donations and funding

We are immensely grateful to all our funders and supporters in 2021, especially as many of our usual fundraising activities were curtailed by the pandemic. To name a few of our most significant donations this year:

- Variety Golf raised £345,788 for our Sunshine Coach programme.
- We received £257,000 from trusts and foundations including donations from St James' Place Charitable Foundation (£58,500), The Bernice Cowen Charitable Trust (£33,000), The Elizabeth and Prince Zaiger Trust (£25,000), The Masonic Charitable Foundation (£24,000) and The Geoff and Fiona Squire Foundation (£23,000).
- Our Patrons programme raised £95,000 - we are very grateful to Michael Josephson MBE (Chair) and his Vice Chair Andrew Geddes.
- We received legacies of more than £59,000 - this is an area where we believe further investment is appropriate and should generate future income in the long term.
- We received over £50,000 from Network Space Holdings Ltd to support our work.
- We received £31,000 from corporate sponsor DPD to support our work.
- We received £27,000 from the Bingo Association towards our Sunshine Coach programme.
- Accessible Retail donated over £15,000 to support our equipment grants.
- McBains, another corporate sponsor, donated £14,000 to support our work.

We hope to be able to return to more of our traditional fundraising events in future, whilst also continuing to revive our existing income pipelines (trusts and foundations, corporates and community fundraising) and exploring other fundraising initiatives.

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 2021. 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 0.5% to £3,687,815 over the previous year (2020: £3,667,806). Of this, £945,531 was generated through the trading subsidiary (2020: £386,343). Donations received totalled £2,356,955 (2020: £2,776,844) and legacy income was £59,163 (2020: £347,874). Donated goods and services income was £234,098 (2020: £54,721), which relates to Variety Great Days Out gift-in-kind value placed on donated outings and small gifts given for children under this programme.

During the year, expenditure on charitable activities was £2,192,867 (2020: £2,338,192) of which £1,343,453 was applied for the purchase of Sunshine Coaches, £274,940 for electric wheelchairs and £297,829 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. £276,645 was applied to Variety Great Days Out activities.

Financial position and reserves policy

Variety's charitable giving commitments are conditional upon the raising of specific funds.

The surplus in the year of £28,391 (2020: deficit £155,838) before gain on investments comprised a surplus on unrestricted funds of £332,184 (2020: surplus £77,522) and deficit on restricted funds of £303,793 (2020: deficit £233,360). The deficit on restricted funds results from monies received in 2020 for specific purposes, but spent in 2021.

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 had set a revised target for unrestricted reserves of between four and six months' forecast operating and administration costs by the end of 2021, currently circa £550,000 to £825,000. Despite the Covid-19 outbreak, this target was achieved. Unrestricted reserves are monitored quarterly by the Trustees.

At the end of the year, unrestricted funds were £3,147,888, of which fixed assets, net of the mortgage secured on our head office represented £2,064,764. Thus, unrestricted free reserves at 31 December 2021 amounted to £1,083,124 which is more than the charity's target for 2021. This is a result of the charity having raised some additional loans to ensure future sustainability in these very uncertain economic times.

The total funds of the group at 31 December 2021 were £3,790,147 including cash of £2,024,573, which has increased by £303,438 over the year.

Variety, the Children's Charity

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Investment policy

The charity's primary investment objective is to maintain the value of its investments. The charity does not hold long term cash investments. Since 1998 the charity has owned the freehold interest in a commercial office building from which its head office operates and of which 35.51 per cent is sublet. The estimated value of the sublet property as at 31 December 2021, based upon a valuation by Robert Irving Burns Property Consultants, is £1,685,000. All income arising from it is unrestricted income. In addition, certain office car parking spaces that form part of the curtilage of the freehold office building are rented out on a short term basis.

The charity's commercial activities are undertaken by its wholly owned subsidiary, Variety Events Limited with all profits donated under Gift Aid to the charity.

Principal risks and uncertainties

There are a number of risks and uncertainties that can impact on the performance of the charity, some of which are beyond the control of Trustees. The Audit, Finance and Risk Committee meets and assesses the major risks to which Variety is exposed.

Key risks identified were as follows:

- Insufficient level of unrestricted income
- The level of income could fall noticeably, whether from donations or trading subsidiary activities (which includes non-return of traditional Variety Events).

Building on the previous year's forward/recovery plan, we developed our key priorities, which included further investment in our fundraising capability, with the decision to re-introduce a Head of Fundraising, full time Trusts and Foundations Manager and full time Corporate Partnerships Manager. Future recruitment will include a new Individual Giving Officer, with responsibility for legacies. This role is regarded as key, as unrestricted income is viewed as a high priority.

The importance of communications as a complementary function to enhance and ensure the success of our fundraising ambitions was further realised. We re-introduced the Head of Marketing and Communications position during the year, and are introducing a PR and Communications Officer post, which will support our fundraising, programmes and brand activities with a focus on content creation, PR and social media.

Other fundraising initiatives were given careful consideration and a menu of various initiatives will be planned in as further momentum is gathered through our fundraising events and other fundraising income streams.

In the event of us once again experiencing a considerable drop in income whether from donations or trading subsidiary activities, the total of grants committed will have to be reduced and we would once again prioritise individual grants. Since grants are paid once the money becomes available, there is limited risk of financial exposure to the charity.

Variety also operates effective and extensive financial management which includes: an annual planning and budgeting system with an annual budget approved by the Trustees; reforecasting, at a minimum, quarterly and all significant budget variations are subject to Trustee approval. During the latter part of the year important work was undertaken linked to a recovery plan that incorporated a two-year budget for 2022/2023 with worst and best case forecasts for each year approved by Variety's Trustees.

Going concern

The Trustees have considered the level of funds held and the expected cashflows and income and expenditure for the foreseeable future, being a period of at least a year from the date the accounts are signed. The Trustees have a reasonable expectation that the charity will be able to continue in business and meet its liabilities as they fall due. The accounts have therefore been prepared on a going concern basis.

Impact of COVID-19 on our organisation

The continued impact of the global pandemic and subsequent UK lockdown measures meant careful planning and implementation of the following:

- Reduced expenditure wherever possible to protect our cash, which included further utilising the Coronavirus Job Retention Scheme, to enable staff to be retained in the charity and to reduce our overall costs.
- During the latter part of the year important detailed budgetary work was undertaken linked to a recovery plan. The production of a two-year budget covering 2022/2023 with worst- and best-case forecasts went through robust scrutiny and due diligence.
- Work linked to the introduction of various fundraising activities and initiatives to replace predicted income loss, which included the restructure of our regional teams and plans to re-launch our Midlands region with the introduction of a property awards event.
- We prioritised the needs of individuals above organisations to reduce expenditure and focus on those beneficiaries in greatest need.

In ensuring the health and well-being of our staff we carried out the following actions:

- Observed Government guidance and implemented the ability for all staff, where possible, to work from home.
- Those with health needs/child or other caring responsibilities were afforded extra flexibility, care and attention.

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Plans for the future

We can look to the future with confidence and optimism, having taken the necessary steps to address the financial and operational challenges we faced as a result of the pandemic.

In 2022, our aim is to refocus the charity to deliver sustainable growth, both financially and in terms of our support for children and young people. We will deliver our recovery plan focusing on the following four key areas:

Operational effectiveness

We have committed a review to evaluate the merits of simplifying our corporate structure in order to achieve greater operational efficiency. We will implement new CRM and finance systems that will allow us to more efficiently produce financial information, automate more processes, improve the quality of our data and ensure that we meet best practice requirements in donor data management. We launched our new website in early 2022, which will facilitate more efficient internal working, improve the experience for our external stakeholders and enable seamless giving for all our supporters. These improvements will provide solid foundations for growth across the charity.

Programmes

By reviewing and revising where necessary our working practice and procedures in our programmes department, we will ensure efficiency, flexibility and equity across our grant giving activities.

Fundraising

By re-introducing the core fundraising team, we will focus on maximising existing and new income streams in areas such as corporate partnerships, trusts and foundations and individual giving. We will also expand our existing event fundraising activity bringing us back to our core show business roots.

Marketing and communication

By upgrading our PR and communication function, refreshing our identity and launching a digital strategy alongside our new website we will project Variety's brand and drive fundraising, programmes and other initiatives.

To achieve our goals we will draw on the collaborative strengths that have driven Variety as an organisation for over 70 years, and we will also seek to build partnerships with individuals and organisations that enhance our work and future ambitions.

Auditors

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

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Statement of Trustees' responsibilities

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

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

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

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

In so far as the Trustees are aware:

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

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

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

This report of the Trustees, was approved by the Board of Trustees on 30th June 2022, and is signed as authorised on its behalf by:



Stanley A Salter

11 August 2022

Date

Annual Report and Accounts 2021

Independent auditor's report to the Trustees and members

Opinion

We have audited the financial statements of Variety, the Children's Charity (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2021 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or the parent charitable company's ability to continue as a going concern for a period of at least twelve

months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Annual Report and Accounts 2021

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 their 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:

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 11, the trustees (who are also the directors of the parent 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 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 Companies Act 2006 and under the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent charitable company by discussions with trustees, and updating our understanding of the sector in which the group and parent charitable company operate.

Laws and regulations of direct significance in the context of the group and parent charitable company include the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and guidance issued by the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

Annual Report and Accounts 2021

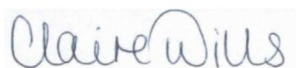
During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of our report

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the parent 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 parent charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent charitable company, the parent charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Claire Wills (Senior Statutory Auditor)

for and on behalf of Saffery Champness LLP
Chartered Accountants
Statutory Auditors
71 Queen Victoria Street
London
EC4V 4BE

16 August 2022

Date

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

Notes	Unrestricted funds	Restricted funds	Total 2021	Unrestricted funds	Restricted funds	Total 2020
	£	£	£	£	£	£
Income and expenditure						
Income from:						
Donations and legacies						
Donations, including tax credits	902,511	1,454,444	2,356,955	771,227	2,005,617	2,776,844
Legacies and bequests	59,163	-	59,163	332,874	15,000	347,874
3 Donated goods and services	-	234,098	234,098	-	54,721	54,721
Other trading activities						
2 Turnover of trading subsidiary	945,531	-	945,531	182,974	203,369	386,343
Investments						
Rental income	92,065	-	92,065	101,916	-	101,916
Investment income and bank interest	3	-	3	108	-	108
Total	1,999,273	1,688,542	3,687,815	1,389,099	2,278,707	3,667,806
5 Expenditure on:						
5 Raising funds	1,347,850	118,707	1,466,557	1,033,148	452,304	1,485,452
	1,347,850	118,707	1,466,557	1,033,148	452,304	1,485,452
5 Charitable activities						
Sunshine Coaches	3,045	1,340,408	1,343,453	25,158	1,483,976	1,509,134
Wheelchairs	122,584	152,356	274,940	89,765	103,393	193,158
Grants	171,685	126,144	297,829	108,545	387,034	495,579
Variety Great Days Out	21,925	254,720	276,645	54,961	85,360	140,321
	319,239	1,873,628	2,192,867	278,429	2,059,763	2,338,192
Total	1,667,089	1,992,335	3,659,424	1,311,577	2,512,067	3,823,644
Net income/ (expenditure) before gain/(loss) on investments	332,184	(303,793)	28,391	77,522	(233,360)	(155,838)
9 Net gain/ (loss) on investments	65,000	-	65,000	(115,000)	-	(115,000)
Net income/ (expenditure) and net movement in funds	397,184	(303,793)	93,391	(37,478)	(233,360)	(270,838)
Reconciliation of funds						
Total funds brought forward	2,750,704	946,052	3,696,756	2,788,182	1,179,412	3,967,594
14 Total funds carried forward	3,147,888	642,259	3,790,147	2,750,704	946,052	3,696,756

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.

Notes	2021	2020
	£	£
Fixed assets		
8 Tangible assets	1,651,808	1,681,992
9 Investments	1,685,000	1,620,000
	<u>3,336,808</u>	<u>3,301,992</u>
Current assets		
10 Debtors	383,459	408,236
Cash at bank and in hand	2,024,573	1,721,135
	<u>2,408,032</u>	<u>2,129,371</u>
11 Creditors: amounts falling due within one year	<u>556,010</u>	<u>581,028</u>
Net current assets	<u>1,852,022</u>	<u>1,548,343</u>
Total assets less current liabilities	<u>5,188,830</u>	<u>4,850,335</u>
12 Creditors: amounts falling due after more than one year	1,398,683	1,153,579
Total net assets	<u>3,790,147</u>	<u>3,696,756</u>
The funds of the group:		
13 Restricted funds	642,259	946,052
13 Unrestricted funds	3,147,888	2,750,704
Total group funds	<u>3,790,147</u>	<u>3,696,756</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 £93,391 (2020: net expenditure of £270,838)

These financial statements were approved by the Board of Trustees on 30th June 2022, and signed on their behalf on 11 August 2022 by:

Trustees



Stanley A Salter



Tushar Prabhu

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

Notes	2021	2020
	£	£
Fixed assets		
8 Tangible assets	1,651,808	1,681,992
9 Investments	1,685,100	1,620,100
	<u>3,336,908</u>	<u>3,302,092</u>
Current assets		
10 Debtors	1,189,787	841,460
Cash at bank and in hand	1,127,860	1,110,134
	<u>2,317,647</u>	<u>1,951,594</u>
11 Creditors: amounts falling due within one year	<u>465,725</u>	<u>403,351</u>
Net current assets	<u>1,851,922</u>	<u>1,548,243</u>
Total assets less current liabilities	<u>5,188,830</u>	<u>4,850,335</u>
12 Creditors: amounts falling due after more than one year	1,398,683	1,153,579
Total net assets	<u>3,790,147</u>	<u>3,696,756</u>
The funds of the charity:		
13 Restricted funds	642,259	946,052
13 Unrestricted funds	3,147,888	2,750,704
Total charity funds	<u>3,790,147</u>	<u>3,696,756</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 30th June 2022 and signed on their behalf on 11 August 2022 by:

Trustees



Stanley A Salter



Tushar Prabhu

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

Notes	2021	2020
	£	£
20 Net cash used in operating activities	(55,658)	(295,226)
Cash flows from investing activities:		
Dividends, interest and rent from investments	92,068	102,024
Purchase of tangible fixed assets	(5,652)	(3,274)
Net cash provided by investing activities	86,416	98,750
Cash flow from financing activities:		
Repayments of borrowing	(70,785)	(43,347)
Cash inflows from new borrowings	343,465	250,000
Net cash provided by investing activities	272,680	206,653
 Change in cash and cash equivalents in the year	 303,438	 10,177
 Cash and cash equivalents at the beginning of the year	 1,721,135	 1,710,958
 Cash and cash equivalents at the end of the year	 <u>2,024,573</u>	 <u>1,721,135</u>

Analysis of changes in net debt

2021

	At start of year £	Cash-flows £	Transfers £	At end of year £
Cash	1,721,135	303,438	-	2,024,573
Loans falling due within one year	(70,785)	70,785	(98,361)	(98,361)
Loans falling due after more than one year	(1,153,579)	(343,465)	98,361	(1,398,683)
Total	496,771	30,758	-	527,529

2020

	At start of year £	Cash-flows £	Transfers £	At end of year £
Cash	1,710,958	10,177	-	1,721,135
Loans falling due within one year	(43,347)	18,347	(45,785)	(70,785)
Loans falling due after more than one year	(974,364)	(225,000)	45,785	(1,153,579)
Total	693,247	(196,476)	-	496,771

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

1 Accounting Policies

- 1.1 The financial statements have been prepared under the historical cost convention, subject to the revaluation of freehold and investment property. The financial statements are prepared in compliance with the Companies Act 2006, the Charities Act 2011, the Charities Statement of Recommended Practice (FRS 102), the Charities Accounts (Scotland) Regulations 2006 and Charities and Trustee Investment (Scotland) Act 2005, and FRS 102 The Financial Reporting Standard applicable in the UK and Republic Ireland.

Variety, the Children's Charity (Variety) is a charitable company limited by guarantee incorporated in England and Wales, registered address Variety House, 93 Bayham Street, London NW1 0AG.

Variety meets the definition of a public benefit entity under FRS 102. Monetary amounts are presented in pound sterling as that is the functional currency of the Charity. Figures are rounded to the nearest £.

The Trustees have considered the level of funds held and the expected cashflows and income and expenditure for the foreseeable future, being a period of at least a year from the date the accounts are signed. The Trustees have a reasonable expectation that the charity will be able to continue in business and meet its liabilities as they fall due. The accounts have therefore been prepared on a going concern basis.

The following principal accounting policies have been applied:

1.2 Income and expenditure

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

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

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

- 1.3 Donated goods and services are 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 relate to costs of central activities. These are allocated to activities in proportion to staff time on the relevant activity.

- 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), consolidated on a line by line basis.

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 14 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 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

There is no set limit below which fixed assets are not capitalised.

1.11 Pension costs

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

1.12 Investment property

Investment property, which is property held to earn rent and/or for capital appreciation, is initially recognised at deemed 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.

1.13 Financial instruments

Variety only has financial instruments and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, 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.

1.14 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 financial statements include the following key estimates:

The freehold property comprises three floors, two of which are occupied by Variety and the third floor is let at a commercial rent. The third floor investment property was revalued as at 31 December 2021 at £1.685m on 14 June 2022 by Robert Irving Burns Limited, 29-30 Fitzroy Square, London W1T 6LQ. The market value is based on the long leasehold interest, with the existing tenancy.

The 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.

Accrued income of £144,789 from residuary legacies, which is included in debtors at year end. The amount reflects the Charity's best estimate of what it will receive from its share of the estates. The net value of estates can change as assets are realised and so the amounts the Charity receives may differ from the initial estimate.

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 merchandise on behalf of Variety. A summary of the results is set out below. Audited accounts are filed with the Registrar of Companies.

	2021	2020
	£	£
Profit and loss account		
Turnover	945,531	386,343
Cost of sales	427,554	78,538
Gross profit	517,977	307,805
Fundraising and publicity	179,233	189,918
Management and administration (payable to the Charity)	9,200	9,600
Net profit	329,544	108,287
Gift aid donation to Charity	329,544	108,287
Retained profit	-	-

The aggregate of the assets, liabilities and funds was:

Assets	1,001,172	740,845
Liabilities	(1,001,072)	(740,745)
Funds (representing 100 ordinary shares of £1 each)	100	100

3 Donated goods and services

	2021	2020
	£	£
Intangible Income - Gift in Kind	234,098	54,721
	234,098	54,721

Total expenditure includes £234,098 (2020: £54,721) an equivalent amount being described as Intangible Income (Gift in Kind) in the Statement of Financial Activities. This amount is in respect of Variety Great Days Out activities.

4 Employees

	2021	2020
	£	£
Staff costs		
Wages and salaries	709,893	1,031,977
Social security costs	64,031	92,978
Other pension costs	51,097	69,402
	825,021	1,194,357

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

	2021	2020
Fundraising	8	13
Events	4	5
Sunshine Coaches	1	2
Wheelchairs	1	1
Grants	2	3
Variety Great Days Out activities	-	1
Support	6	9
	22	34

Included in the above is a termination payment of £8,704 (2020: nil)

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

	Number 2021	Number 2020
£60,000 to £69,999	-	1
£70,000 to £79,999	1	1
£80,000 to £89,999	-	1

The key management personnel of Variety comprises the Trustees, the Chief Executive Officer and Senior Management Team. The total combined contractual benefits of the key management personnel of Variety was £255,467 (2020: £462,696).

5 Expenditure

	Direct staff costs	Grant costs (Note 17)	Other direct costs	Support costs (Note 6)	Total
	£	£	£	£	£
2021					
Expenditure on raising donations and legacies	295,806	-	21,428	354,817	672,051
Cost of sales of trading subsidiary	-	-	418,537	-	418,537
Events support	171,039	-	-	204,930	375,969
	<u>466,845</u>	<u>-</u>	<u>439,965</u>	<u>559,747</u>	<u>1,466,557</u>
Sunshine Coaches	29,158	1,273,873	-	40,422	1,343,453
Wheelchairs	26,970	200,527	-	47,443	274,940
Grants	48,402	174,874	-	74,553	297,829
Variety Great Days Out	1,465	272,745	-	2,435	276,645
	<u>105,995</u>	<u>1,922,019</u>	<u>-</u>	<u>164,853</u>	<u>2,192,867</u>
	<u>572,840</u>	<u>1,922,019</u>	<u>439,965</u>	<u>724,600</u>	<u>3,659,424</u>
2020					
Expenditure on raising donations and legacies	485,269	-	61,186	509,187	1,055,642
Cost of sales of trading subsidiary	-	-	78,538	-	78,538
Events support	171,644	-	-	179,628	351,272
	<u>656,913</u>	<u>-</u>	<u>139,724</u>	<u>688,815</u>	<u>1,485,452</u>
Sunshine Coaches	62,794	1,375,960	-	70,380	1,509,134
Wheelchairs	32,751	114,946	-	45,461	193,158
Grants	62,633	346,783	-	86,163	495,579
Variety Great Days Out	22,201	81,866	-	36,254	140,321
	<u>180,379</u>	<u>1,919,555</u>	<u>-</u>	<u>238,258</u>	<u>2,338,192</u>
	<u>837,292</u>	<u>1,919,555</u>	<u>139,724</u>	<u>927,073</u>	<u>3,823,644</u>

6 Support Costs

	Staff	Depreciation	Other	Total
	£	£	£	£
2021				
Governance/Legal	59,084	-	113,783	172,867
Finance & Administration	128,985	-	-	128,985
IT & Database	34,905	-	79,742	114,647
Office costs	6,844	-	173,002	179,846
HR/Staff related costs	7,633	-	48,044	55,677
Media/Publicity	14,278	-	2,780	17,058
Other support costs	452	35,836	19,232	55,520
	<u>252,181</u>	<u>35,836</u>	<u>436,583</u>	<u>724,600</u>
2020				
Governance/Legal	108,444	-	147,686	256,130
Finance & Administration	142,901	-	-	142,901
IT & Database	35,061	-	81,606	116,667
Office costs	18,044	-	206,103	224,147
HR/Staff related costs	13,385	-	53,587	66,972
Media/Publicity	34,490	-	8,454	42,944
Other support costs	5,754	41,234	30,324	77,312
	<u>358,079</u>	<u>41,234</u>	<u>527,760</u>	<u>927,073</u>

7 Net expenditure/ income is stated after charging:	2021 £	2020 £
Depreciation		
- office equipment	11,652	17,050
- freehold building	24,184	24,184
Auditors' remuneration - audit	27,300	25,200
Auditors' remuneration - taxation services	2,892	9,780
Operating lease expenditure	21,318	21,077

8 Tangible assets	Freehold land and buildings £	Office equipment £	Total £
Group and company			
Cost			
1 January 2021	2,279,182	68,720	2,347,902
Additions	-	5,652	5,652
31 December 2021	2,279,182	74,372	2,353,554
Depreciation			
1 January 2021	614,284	51,626	665,910
Charge for the year	24,184	11,652	35,836
31 December 2021	638,468	63,278	701,746
Net book value at 31 December 2021	1,640,714	11,094	1,651,808
Net book value at 31 December 2020	1,664,898	17,094	1,681,992

9 Fixed asset investments	Notes	Group 2021 £	Company 2021 £	Group 2020 £	Company 2020 £
Investment in subsidiary	(a)	-	100	-	100
Investment property	(b)	1,685,000	1,685,000	1,620,000	1,620,000
		1,685,000	1,685,100	1,620,000	1,620,100

- (a) Variety owns all the issued shares (100 Ordinary shares of £1 each) in Variety Events Limited, a Company which is registered and operates in England (Variety House, 93 Bayham Street, London NW1 0AG) and whose main activity is the organisation and promotion of fund-raising activities and the sale of Gold Hearts and other merchandise on behalf of Variety. These are included in the financial statements at cost.
- (b) The freehold property comprises three floors, two of which are occupied by Variety and the third floor is let at a commercial rent. The third floor investment property was revalued as at 31 December 2021 at £1.685m on 14 June 2022 by Robert Irving Burns Limited, 29-30 Fitzroy Square, London W1T 6LQ. The market value is based on the long leasehold interest, with the existing tenancy.

10 Debtors	Group 2021 £	Company 2021 £	Group 2020 £	Company 2020 £
Trade debtors	96,512	49,667	45,027	36,565
Amounts due from subsidiary undertaking	-	910,786	-	563,068
Other debtors	3,803	3,803	120,195	45,573
Prepayments and accrued income	283,144	225,531	243,014	196,254
	383,459	1,189,787	408,236	841,460

All debtors are due within one year.

However, included in prepayments and accrued income is income from legacies which will be received when the estates are finalised.

11 Creditors: amounts falling due within one year

	Group 2021 £	Company £	Group 2020 £	Company £
Accruals for grants payable	211,913	211,913	183,803	183,803
Mortgage (secured - see note 12)	48,361	48,361	45,785	45,785
Bank loan (see note 12)	50,000	50,000	25,000	25,000
Trade creditors	58,994	58,994	21,835	21,779
Accruals and deferred income	161,658	84,873	262,515	108,809
Other creditors	25,084	11,584	42,090	18,175
	556,010	465,725	581,028	403,351

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

	2020 £	Charge for the year £	Payments £	2021 £
Wheelchairs	19,200	200,101	(155,757)	63,544
Sunshine Coaches	110,466	1,273,873	(1,301,727)	82,612
General grants	54,137	203,934	(192,314)	65,757
	183,803	1,677,908	(1,649,798)	211,913
	2019 £	Charge for the year £	Payments £	2020 £
Wheelchairs	66,944	90,065	(137,809)	19,200
Sunshine Coaches	31,131	1,463,343	(1,384,008)	110,466
General grants	116,315	361,774	(423,952)	54,137
	214,390	1,915,182	(1,945,769)	183,803

Deferred income

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

	Group £	Company £
Balance as at 1 January 2021	167,215	26,625
Amount released to income earned	(167,215)	(26,625)
Amount deferred in year	89,759	26,924
Balance as at 31 December 2021	89,759	26,924

	Group £	Company £
Balance as at 1 January 2020	133,376	26,566
Amount released to income earned	(133,376)	(26,566)
Amount deferred in year	167,215	26,625
Balance as at 31 December 2020	167,215	26,625

12 Creditors: amounts falling due after one year

Group and company	2021 £	2020 £
Mortgage (secured)	1,223,683	928,579
Bank Loan (Coronavirus Business Interruption Loan)	175,000	225,000
	1,398,683	1,153,579

Mortgage (secured)

The mortgage is secured on Variety's freehold land and building and is repayable over the remaining period of 6 years and 3 months at interest rates of 5.51% and 3.19% per annum as follows:

	2021 £	2020 £
In more than one year but not more than two years	51,081	48,361
In more than two years but not more than five years	171,138	162,024
In more than five years	1,001,464	718,194
	1,223,683	928,579

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

40%	30%
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12 Creditors: amounts falling due after one year (continued)

Bank Loan (Coronavirus Business Interruption Loan)

The Government pays the interest on the loan for the first 12 months from 9th June 2021 (Business Interruption Payment). The bank loan is repayable over the remaining period of 54 months at an interest rate of 2.09% p.a. over Base Rate

	2021 £	2020 £
In more than one year but not more than two years	50,000	50,000
In more than two years but not more than five years	125,000	150,000
In more than five years	-	25,000
	175,000	225,000

13 Analysis of group net assets between funds

	2021 Unrestricted funds £	2021 Restricted funds £	2021 Total funds £
Fixed assets	3,336,808	-	3,336,808
Current assets	1,553,860	854,172	2,408,032
Current liabilities	(344,097)	(211,913)	(556,010)
Long-term liabilities	(1,398,683)	-	(1,398,683)
Total net assets	3,147,888	642,259	3,790,147

	2020 Unrestricted funds £	2020 Restricted funds £	2020 Total funds £
Fixed assets	3,301,992	-	3,301,992
Current assets	999,516	1,129,855	2,129,371
Current liabilities	(397,225)	(183,803)	(581,028)
Long-term liabilities	(1,153,579)	-	(1,153,579)
Total net assets	2,750,704	946,052	3,696,756

14 Movement on funds

Group and company	2021 Opening Balance £	2021 Income £	2021 Expenditure £	2021 Transfers/ gains and (losses) £	2021 Closing Balance £
Unrestricted funds	2,750,704	1,999,273	(1,667,089)	65,000	3,147,888
Restricted funds					
Sunshine Coach Programme incl. Variety Golf	527,167	1,035,084	(1,340,408)	-	221,843
Wheelchair Programme	66,035	206,655	(126,413)	-	146,277
Special Purpose Funds	259,763	348,096	(426,807)	-	181,052
Kings College Hospital	93,087	-	-	-	93,087
Coronavirus Job Retention Scheme	-	98,707	(98,707)	-	-
	946,052	1,688,542	(1,992,335)	-	642,259
Total funds	3,696,756	3,687,815	(3,659,424)	65,000	3,790,147

The gain of £65,000 for the year ended 31 December 2021 reflects the gain on revaluation of the investment property.

	2020 Opening Balance £	2020 Income £	2020 Expenditure £	2020 Transfers/ gains and (losses) £	2020 Closing Balance £
Unrestricted funds	2,788,182	1,389,099	(1,311,577)	(115,000)	2,750,704
Restricted funds					
Sunshine Coach Programme	170,399	1,228,733	(1,151,604)	-	247,528
Wheelchair Programme	46,003	129,426	(109,394)	-	66,035
Variety Golf	369,935	496,511	(586,807)	-	279,639
Special Purpose Funds	499,988	97,246	(337,471)	-	259,763
Kings College Hospital	93,087	-	-	-	93,087
Coronavirus Job Retention Scheme	-	216,791	(216,791)	-	-
Coronavirus Community Support Fund	-	110,000	(110,000)	-	-
	1,179,412	2,278,707	(2,512,067)	-	946,052
Total funds	3,967,594	3,667,806	(3,823,644)	(115,000)	3,696,756

The loss of £115,000 for the year ended 31 December 2020 reflects the loss on revaluation of the investment property.

14 Movement on funds (continued)

Sunshine Coaches Programme

The fund comprises monies raised to provide Sunshine Coaches, excluding funds raised by Variety Golf or contributions from Variety's Special Purpose Funds. Sunshine Coaches are presented to schools, hospitals, children's homes and other such organisations throughout the UK.

Wheelchair Programme

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

Variety Golf

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

Special Purpose Funds

Variety works closely with donors to help them raise funds and to match those funds to suitable projects. Special Purpose Funds reflect funds raised to help sick, disabled and disadvantaged children and young people who have not yet been matched to specific projects.

Kings College Hospital

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

Coronavirus Job Retention Scheme

HMRC scheme in which Variety was able to claim for 80% of employee's wages, employers NI and pension contributions for staff put on furlough or flexible furlough because of coronavirus.

Coronavirus Community Support Fund

Variety received from The National Lottery Community Fund a grant to support children and families during the Covid-19 lockdown.

15 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 through a deed of covenant. Accordingly there is no provision for taxation on its profit for the year.

16 Members' liability

As Variety is limited by guarantee, there is no share capital. At 31 December 2021, there were 12 members (2020 - 10), 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.

17 Grants and donations

2021	Individuals		Institutions		Total	
	£	No	£	No	£	No
Grants	129,030	65	45,844	1	174,874	66
Sunshine Coaches	-	-	1,273,873	39	1,273,873	39
Wheelchairs	200,527	40	-	-	200,527	40
Variety Great Days Out	272,745	10,533	-	-	272,745	10,533
	<u>602,302</u>	<u>10,638</u>	<u>1,319,717</u>	<u>40</u>	<u>1,922,019</u>	<u>10,678</u>

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

£

Green Meadows School, Leeds	45,402
Mapledown School, Cricklewood	43,056
Ade Adepitan Short Break Centre, London	42,086
Meadowgate School, Wisbech	41,306
Woodlands School (Surrey CC), Leatherhead	41,306
Meadows School, Oldbury	41,306
Ysgol Pen-y-Bryn, Morriston	41,306
All Saints CE (Aided) Primary School and Nurse, Wokingham	41,306
Sherwood Park School, Carshalton	41,306
Clifton Hill School, Chatterham	41,306
St Cenydd Community School, Caerphilly	41,306
Pens Meadow School, Stourbridge	41,306
Hazelbeck School, Bingley	41,306
The Westminster School, Rowley Regis	41,306

Balance carried forward

584,910

17 Grants and donations (continued)

	£
Balance brought forward	584,910
Green Fold Special School, Bolton	41,306
Twydall Primary School, Kent	36,651
Foxwood Special School, Nottingham	36,651
Pond Meadow School, Guildford	36,651
West Road Primary, Doncaster	30,740
The Shine Centre, Braunstone Town	30,740
Drumbeat School & ASD Service, Bromley	30,740
Cranbrook Primary School, Ilford	30,740
Icknield Primary School, Luton	30,740
Making Communities Work, London	30,740
St Luke's School, Redbourn, Hertfordshire	30,740
Belmont Park School, Leyton	30,740
The Jeanne Saunders Centre, Hove	28,438
Foxfield Academy, Blaby	28,438
Addey and Stanhope School, London	28,438
The Pines School, Birmingham	28,438
Maes Ebbw Special School, Maesglas	24,806
Garston Manor School, Watford	24,506
Greenvale School, London	24,506
Chailey Heritage School, Nr. Lewes	24,506
Five Acre School, Kent	24,506
Thisle Wing Kinnaird School, Larbet	23,651
Manor Green College, Crawley	21,601
St Peters CE Primary School, Leeds	19,940
The Gesher Trust (Gesher School), Pinner	18,190
Muntham House School, Horsham	16,638
Donations under £5,000	1,026
	<u>1,319,717</u>

2020

	Individuals		Institutions		Total	
	£	No	£	No	£	No
Grants	301,201	1,142	45,582	12	346,783	1,154
Sunshine Coaches	-	-	1,375,960	41	1,375,960	41
Wheelchairs	91,046	20	23,900	1	114,946	21
Variety Great Days Out	81,866	3,857	-	-	81,866	3,857
	<u>474,113</u>	<u>5,019</u>	<u>1,445,442</u>	<u>54</u>	<u>1,919,555</u>	<u>5,073</u>

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

	£
St John's Catholic School, Wetherby	44,526
Shenstone School, Crayford	72,486
Ambitious About Autism, London	41,526
Claremont School, Bristol	41,306
Wyre Forest School, Kidderminster	41,306
Two Rivers Primary School, Tamworth	41,306
The Albion Foundation, Smethwick	41,306
Talbot Special School, Sheffield	41,306
Rowan Tree Primary School, Manchester	41,306
Red Gates School, South Croydon	69,160
Northwood Community Primary School, Kirby	41,306
Eresby School, Spilsby	41,306
Drumpark Primary School, Coatbridge	41,306
Castledon School, Wickford	41,306
Brimble Hill School, Swindon	41,306
The Young Lewisham Project, Forest Hill	37,708
Resources for Autism, Barnet	37,108
Willowbank School, Kilmarnock	36,871
Birtenshaw School, Liverpool	36,797
The Milestone School, Longlevens	36,651
Ash Lee School, Cotgrave	36,651
Cramlington Voluntary Youth Project, Cramlington	34,346
Drumbeat School and ASD Service, Bromley	30,740
Carnforth School, Worcester	30,740
Balance carried forward	<u>999,676</u>

17 Grants and donations (continued)

	£
Balance brought forward	999,676
Villiers High School, Southall	28,948
St Martins School, Alvaston	28,438
Manchester Secondary School, Manchester	28,438
Jenner Park Primary School, Barry	28,438
Grange Park School, Wrotham	28,438
Fox Hollies Special School, Birmingham	28,438
Football Beyond Borders, Manchester	28,438
Cherry Oak School, Birmingham	28,438
Cricket Green School, Mitcham	24,806
Brooklands School, Reigate	24,806
Sale United Power Chair Football Club, Nantwich	23,900
Willow Dene School, Plumstead	22,651
The Firs, Northolt	21,901
Maddison Primary School, Falkirk	21,901
Mary Russell School, Paisley	16,938
Brooklands School, Reigate	16,938
Springwell School, Hartlepool	9,851
North Beckton Primary School, Newham	8,000
The Milestone School, Gloucester	6,700
The Golf Trust, London	5,332
Donations under £5,000	14,028
	<u>1,445,442</u>

18 Commitments

As at 31 December 2021, Variety had approved in principal, applications requesting to supply Sunshine Coaches totalling £265,433 (2020: £388,925). The grants are conditional upon specific funding being raised to finance the cost of the coaches. The specific funding for these coaches had not been confirmed at the year end.

19 Pensions

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

20 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2021 £	2020 £
Net income/(expenditure) for the reporting period	93,391	(270,838)
Adjustments for:		
Depreciation charges	35,836	41,234
(Gains)/losses on investments	(65,000)	115,000
Dividends, interest and rent from investments	(92,068)	(102,024)
Decrease in debtors	24,777	102,946
(Decrease) in creditors	(52,594)	(181,544)
Net cash used in operating activities	(55,658)	(295,226)

21 Operating lessor commitments

At 31 December 2021, the group was entitled to receive future payments from non-cancellable operating leases of £156,500 (2020 - £238,500) as set out below.

	Rental income	
	2021 £	2020 £
Receipts due in:		
Less than 1 year	83,000	82,000
Between 1 and 2 years	73,500	83,000
Between 3 and 5 years	-	73,500
	<u>156,500</u>	<u>238,500</u>

22 Operating lease commitments

At 31 December 2021, the group had future lease payments of £27,534 (2020 - £45,995) payable under non-cancellable operating leases as set out below.

	Office Equipment	
	2021	2020
	£	£
Payments due in:		
Less than 1 year	16,422	18,462
Between 1 and 2 years	10,463	16,422
Between 3 and 5 years	649	11,111
	<u>27,534</u>	<u>45,995</u>

23 Transactions with trustees and connected persons

None of the Trustees received either remuneration or reimbursed expenditure during this financial year or the last financial year.

The total amount of donations received from the Trustees or their companies during the year was £1,243 (2020: £4,770). Trustees also supported the Charity's fundraising events. The total amount received from Trustees or their companies during the year from tickets and other purchases in support of the Charity's fundraising events was £2,540 (2020: £850).

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:

Legal fees of £3,000 (2020: £11,941) payable to Howard Kennedy LLP, a firm of which Mr Jason Lewis is a consultant.

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

The Neil Drover Agency nil (2020: £3,300) for rent and other services. Mr Neil Drover, who is a past regional chairman and committee member, is a proprietor of that business.

At the year end the following were owed to Variety for the purchase of tickets to a fundraising event.

Palace Capital Plc £390 (2020: nil) Mr Neil Sinclair is a shareholder of this company.

Transactions and balances between the Charity and its trading subsidiary, Variety Events Limited, are set out in the notes to the accounts (see notes 2 and 10).