

The Variety Club Children's Charity
Annual Report and Accounts
Year ended 31 December 2008



variety club
the children's charity

The Variety Club Children's Charity

Trustees 2009

Keith Andrews	Anthony Henry-Lyons
Jarvis Astaire OBE	Russell Kahn
Philip Austin	Norman Kaphan
John Barnett	Paul Lawrence
Jonathan Barnett	Kenneth Mustoe
Gary Beckwith	Ronnie Nathan
Anthony Blackburn	John Ratcliff CBE
Malcolm Brenner	Lionel Rosenblatt
Philip Burley	John Sachs
Stephen Crown JP	Jonathan Shalit
Laurence Davis	Anthony Simmonds
Alan Fraser	Pamela Sinclair
Anthony Harris	Anne Wadsworth
Tony Hatch	

Administrative Information

Secretary and registered office

Anthony Simmonds
Variety Club House, 93 Bayham Street, London, NW1 0AG

Company number

509811

Charity number

209259

Auditors

Saffery Champness
Lion House, Red Lion Street, London WC1R 4GB

Bankers

Royal Bank of Scotland
3rd Floor Cavell House
2a Charing Cross Road
London WC2H 0NN

The Variety Club Children's Charity Trustees' Annual Report for the year ended 31 December 2008

The Trustees submit the annual report and financial statements of The Variety Club Children's Charity (Variety Club), a company limited by guarantee, for the year ended 31 December 2008.

Objectives and activities

Variety Club exists to aid children who are sick, disabled and disadvantaged.

Its Memorandum of Association, the governing document of the charity, includes the following purposes:

- to promote and provide for the care and upbringing of children suffering from physical or mental illness or from injury or other physical or mental disability or affliction and those deprived of parental care or of a stable home environment;
- the relief of poverty and the advancement of education of children of any race, colour or creed;
- the relief of sickness and physical and mental disability or affliction among children;
- the provision of facilities for recreation and other leisure time occupation for children in the interest of their social welfare;
- the support of associations, organisations, institutions or other bodies (whether incorporated or not) whose objects shall be solely of a charitable nature.

In 2009 Charity is updating its Memorandum of Association.

Fundraising

Variety Club raises money in a number of ways including annual events and one-off activities. Variety Club covers the whole of the United Kingdom and has eight regional committees, all of which have the same aims. Fundraising comes principally through the following activities:

- sale of Gold Hearts
- various functions
- corporate and individual donations
- the Golfing Society
- wills and legacies

The fundraising events of Variety Club are all carried out through its wholly owned subsidiary Variety Club Events Limited. The results for the year are presented in the form of a statement of financial activities which incorporates the traditional income and expenditure account. The company's net profit is donated by way of Gift Aid to The Variety Club Children's Charity. A number of the above events are supported by Variety Club's regular sponsors.

Structure, Governance and Management

Variety Club 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 Club. Variety Club of Great Britain (Tent 36) has 614 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 Trustees retain total control of Variety Club. They delegate the task of organising events, raising funds and allocating funds to a number of committees on which various Trustees may sit. The main committees for the allocation of funds are the Appeals, Sunshine Coaches and Easy Riders Wheelchair Committees. All decisions made by these committees have to be ratified by the Trustees. There is also the Variety at Work Committee whose main task is to entertain the children. All Variety at Work programmed events are either sponsored or donated free of charge. Intangible income from this source is estimated to be worth £978,500 (2007: £821,425). This is included within the Statement of Financial Activities with an equivalent amount also included within expenditure.

Trustees are recruited from the membership of the Variety Club of Great Britain. They 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 shall commonly be appointed annually by notice in writing to Variety Club 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 paper 'Responsibilities of Trustees' and asked to sign a paper confirmation confirming they understand this.

**The Variety Club Children's Charity
Trustees' Annual Report for the year ended 31 December 2008 (continued)**

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 27 during the year, there is an advisory board which has an advisory role.

Trustees

The Trustees during the year were:

Hugo Amaya-Torres	Laurence Davies	John Ratcliff CBE
Keith Andrews	Manuel Fontela Novoa	Lionel Rosenblatt
Jarvis Astaire OBE	Alan Fraser	Jonathan Shalit
Philip Austin	Anthony Harris	Anthony Simmonds
John Barnett	Tony Hatch	Pamela Sinclair
Jonathan Barnett	Anthony Henry-Lyons	
Gary Beckwith	Russell Kahn	
Anthony Blackburn	Norman Kaphan	
Philip Burley	Paul Lawrence	
Stephen Crown JP	Kenneth Mustoe	
Raymond Curtis	Ronnie Nathan	

Malcolm Brenner, John Sachs and Anne Wadsworth were appointed on 1 January 2009.

Hugo Amaya Torres resigned on 21 October 2008. Raymond Curtis and Manuel Fontela Novoa resigned on 31 December 2008.

Statement of Trustees' Responsibilities

The Trustees, who are also directors of the Charity 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 of its 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;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Variety Club 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 Club and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of Variety Club and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 Club 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 Club not immediately required for its purposes in such investments as may be thought fit.

The Trustees have overall responsibility for Variety Club's financial control. Such control can provide reasonable, but not absolute, assurances 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 the Charity.

The Trustees have assessed the major risks to which Variety Club is exposed, in particular those related to the operations and finances of Variety Club, and are satisfied that systems are in place to mitigate our exposure to the major risks.

There is a risk that the level of income could fall considerably, whether from donations or trading subsidiary. In such an event, the total of grants committed might have to be reduced. Since the nature of the charity's grant-making activity involves very little by way of future commitments, the impact on individual beneficiaries is unlikely to be significant.

Variety Club operates an annual planning and budgeting system with an annual budget approved by the Trustees. Any significant changes to those plans are subject to specific approval. Revised forecasts are undertaken during the course of the year. There is a financial reporting system which compares results with the plan on a monthly basis.

Achievements and performance

The Trustees are immensely grateful to the membership of The Variety Club of Great Britain who, in the spirit of fellowship, work to raise money for the sick, disabled and disadvantaged children of Great Britain.

2008 was an outstanding year for Variety Club. Variety Club's calendar of events was packed with great occasions, including the Golfing Society events, the Annual Dinner and Ball, Showbusiness Awards, City Dinner as well as celebrity and special lunches of which the Property Industry Committee figures prominently. The Property Awards Lunch alone raised over £500,000 and Annual Dinner and Ball over £400,000. Regional committee events took place throughout the country raising substantial and vitally-needed funds, all of which are spent on appeals in their own areas.

This dedicated effort from our unique membership is the cornerstone of our ability to influence and improve the lives of many thousands of children. The funds raised enabled us to supply 114 Sunshine Coaches to schools, homes and other institutions. We gave 158 electric wheelchairs and buggies, and with them the gift of mobility, to children previously reliant on others. 29,088 children enjoyed days out with our Variety at Work committees at exciting locations. We are grateful to the many leisure industry proprietors and the Armed Services who have given so many children memorable experiences at their very special establishments. In addition to the foregoing, the institutions that we have supported during the year can be found on Pages 17 to 19.

Plans for Future Periods

Global vision

As the charity enters its Diamond Jubilee year it faces the challenge of sustaining its operations through a worsening economic climate whilst implementing its new strategy for growth and development over the next three to five years.

In 2008, in recognition of changing times and the need for the organisation to position itself fit for the future and ready to meet the next 60 years, the Variety Club appointed its first Chief Operating Officer who since her appointment in July 2008 has undertaken extensive consultation with staff, Crew, volunteers, supporters and many other stakeholders, to ascertain the key priorities, objectives and develop a strong and robust three year strategic plan.

The Crew approved new plan launches in January 2009 and has addressed key areas for activity and focus including improved communications both internally and externally, the development of a clear and strong message about the charity's services, mission, vision and values, a robust fundraising strategy that will underpin the increased activity and a regional development programme that addresses the need to invest more time and resource into supporting and expanding our regional branches and increasing the reach and impact of our services to children and young people across the UK.

Fundraising

An interim fundraising strategy has been developed to take us through 2009/10 that aims to build a formal donor development programme and set in place the foundations for maximising sustainable new income lines. It identifies a number of key initiatives for development and launch during 2009 that will achieve our key aims of increased income, raised awareness and increasing supporter numbers. It is intended to prepare the ground for the emerging strategy for 2010 -13 and the associated business plan in clarifying the amount of charitable fundraising income the Charity can anticipate for the first twelve months into the new Strategic Plan.

As the economy struggles we must become adept at targeting areas of income and sources of fundraising least likely to be hit as hard as traditional sources. We have robustly challenged the new plans and rationale and the charity has invested appropriate levels to appoint professionals in their field and structured a department where positive results will be forthcoming.

Key Strategic Objectives for 2009

- Ensure the continuance of our strong service delivery programme expanding our reach and impact to benefit greater numbers of children and young people
- Deliver a successful 60th Anniversary that succeeds in:
 - Raising profile and expanding the reach and message of the charity UK-wide
 - Recruiting new supporters - donors, volunteers, celebrities, corporates
 - Raising public awareness to the charity and its services nationwide
 - Raising additional income through increased community and corporate fundraising techniques
- Broaden services to better support and include young people (14-19) and disadvantaged groups - particularly community groups/youth clubs etc.
- Establish a strong Regional Presence across the UK through recruitment of volunteers, increased support and development of regional groups and promotion of events/activities and services.
- Increase the recognition factor of Variety Club amongst a younger audience - under 40's
- Secure general third sector recognition for work done and achievements made in refreshment of the brand, its services/market, presence and activities.
- Whilst recognising the severe financial constraints facing almost all of our supporters, find new and innovative ways of working with our supporters and donors meet or exceed income budget.

**The Variety Club Children's Charity
Trustees' Annual Report for the year ended 31 December 2008 (continued)**

Financial Commentary

The accounts cover the activities of The Variety Club Children's Charity and its trading subsidiary, Variety Club Events Limited, for the year ended 31 December 2008. The results are set out on page 7. A summary of the results of the subsidiary is set out in note 2 to the financial statements.

Incoming resources increased by 4.8% to £10,376,935 over the previous year (£9,901,332). Of this, £3,173,073 was generated through the trading subsidiary (2007: £4,054,498). Donations received totalled £5,939,283 (2007: £4,522,418) and legacy income was £97,927 (2007: £329,482). Intangible income was £1,082,951 including Variety at Work of £978,500 (2007: £821,425) being gift-in-kind value placed on donated outings given for children under our Variety at Work programme and other donated services (including £93,445 in Variety Club Events Limited).

During the year, grants and donations of £6,142,567 were made (2007: £3,818,285) of which £3,893,936 was applied for the purchase of Sunshine Coaches and Electric Wheelchairs and £2,248,631 for grants to children's hospitals and other organisations to help children who are sick, disabled or disadvantaged. £162,978 was donated to individuals. (See note 21).

Financial Position and Reserves Policy

Variety Club works on the basis that future commitments are conditional upon the raising of specific funds. In addition, the Trustees have written into the Charity's Terms of Reference that at least one year's overheads must be held at all times in cash and readily realisable assets as general reserves. As part of the annual budgeting process the Trustees set an appropriate level of unrestricted reserves. These are monitored on a monthly basis in conjunction with cash flow reports.

Variety Club had a deficit before unrealised losses on revaluation of assets of £1,167,694 in 2008, compared to a deficit of £377,414 in 2007. This mainly resulted from a donation to King's College Hospital 1.7m. By the end of the year, total funds amounted to £3,586,917, of which cash balances represented £2,868,155. Unrestricted funds were £2,694,646, of which tangible fixed assets, net of the mortgage secured on our Bayham Street head office and a bank loan, represented £980,453. Thus cash unrestricted reserves at 31 December 2008 amounted to £1,714,193.

Employees

Variety Club employs 41 people (both full-time and part-time) in its offices. The Trustees depend on the commitment and hard work of these staff, who are highly valued. In addition, Variety Club relies heavily on volunteer involvement for the organising of its many events, particularly Variety at Work events. The Trustees are enormously indebted to these volunteers for their continued support.

Equal Opportunities

Variety Club is committed to the principle and practice of equal opportunities and aims to be an equal opportunities employer. The Variety Club'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 (within the constraints of the retirement policy), 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 have expressed their willingness to remain in office as auditors of the company.

**Norman Kaphan
Trustee and Chief Barker 2008**

20 May 2009

The Variety Club Children's Charity
Independent Auditors' Report to the Members

We have audited the financial statements on pages 7 to 20. These financial statements have been prepared in accordance with the accounting policies set out therein.

Respective responsibilities of trustees and auditors

The Trustees' (who are also directors of the Charity for the purpose of company law) responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' responsibilities as shown on Page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether, in our opinion, the information given in the Trustees' report is consistent with the financial statements. We also report to you if the company has not kept proper accounting records, if we if we have not received all the information and explanation we require for our audit, or if information specified by law regarding Trustees' remuneration and other transactions is not disclosed.

We read the Trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards of Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the group and the company as at 31 December 2008 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended: and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' report is consistent with the financial statements.

Saffery Champness
Chartered Accountants & Registered Auditors
London

20 May 2009

The Variety Club Children's Charity
Consolidated Statement of Financial Activities
(incorporating an Income and Expenditure account)
For the year ended 31 December 2008

Notes	Unrestricted funds	Restricted funds	Total 2008	Total 2007	
	£	£	£	£	
Income and expenditure					
Incoming Resources from generated funds					
Voluntary income					
	Donations, including tax credits	1,359,722	4,579,561	5,939,283	4,522,418
	Legacies and bequests	49,927	48,000	97,927	329,482
	Intangible income	989,506	-	989,506	825,303
Activities for generating funds					
2	Turnover of trading subsidiary	2,952,412	220,661	3,173,073	4,054,498
Investment income					
	Rental income	63,112	-	63,112	54,293
3	Investment income and interest	87,385	26,649	114,034	115,338
	Total incoming resources	<u>5,502,064</u>	<u>4,874,871</u>	<u>10,376,935</u>	<u>9,901,332</u>
7 Resources expended					
Costs of generating funds					
Cost of generating voluntary income:					
7	Fundraising and publicity	1,196,393	4,977	1,201,370	1,052,193
2	Cost of sales of trading subsidiary	1,991,183	109,791	2,100,974	2,799,044
7	Support costs of trading subsidiary	677,613	4	677,617	588,173
		<u>3,865,189</u>	<u>114,772</u>	<u>3,979,961</u>	<u>4,439,410</u>
Charitable activities					
7	Sunshine Coaches	28,089	3,476,533	3,504,622	3,001,747
21	Wheelchairs	42	559,301	559,343	732,247
	Appeals	614,932	1,702,616	2,317,548	1,135,712
	Variety at Work activities	1,093,106	-	1,093,106	898,717
		<u>1,736,169</u>	<u>5,738,450</u>	<u>7,474,619</u>	<u>5,768,423</u>
	Governance costs	90,049	-	90,049	70,913
	Total resources expended	<u>5,691,407</u>	<u>5,853,222</u>	<u>11,544,629</u>	<u>10,278,746</u>
	Net (outgoing) resources before transfers	(189,343)	(978,351)	(1,167,694)	(377,414)
18	Transfer between funds	(274,889)	274,889	-	-
	Net (outgoing) resources before other recognised gains and losses	<u>(464,232)</u>	<u>(703,462)</u>	<u>(1,167,694)</u>	<u>(377,414)</u>
Other recognised gains and losses					
Unrealised losses on:					
	revaluation of fixed assets and current asset investment	(544,769)	-	(544,769)	-
	Net movement in funds	<u>(1,009,001)</u>	<u>(703,462)</u>	<u>(1,712,463)</u>	<u>(377,414)</u>
	Fund balances brought forward at beginning of year	3,703,647	1,595,733	5,299,380	5,676,794
17,18	Fund balances carried forward at the end of year	<u>2,694,646</u>	<u>892,271</u>	<u>3,586,917</u>	<u>5,299,380</u>

All amounts relate to continuing activities.

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

The notes on pages 11 to 20 form part of these financial statements.

The Variety Club Children's Charity
Consolidated Balance Sheet
At 31 December 2008

Notes		2008	2007
		£	£
	Fixed assets		
10	Tangible assets	1,872,957	2,385,638
	Current assets		
12	Debtors	567,238	826,178
13	Investments	644,500	650,000
	Cash at bank and in hand	<u>2,868,155</u>	<u>3,504,703</u>
		4,079,893	4,980,881
14	Creditors: amounts falling due within one year	<u>1,597,198</u>	<u>1,210,314</u>
	Net current assets	<u>2,482,695</u>	<u>3,770,567</u>
	Total assets less current liabilities	4,355,652	6,156,205
15	Creditors: amounts falling due after more than one year	768,735	856,825
		<u>3,586,917</u>	<u>5,299,380</u>
	Funds		
17	Unrestricted funds	2,694,646	3,703,647
18	Restricted funds	892,271	1,595,733
		<u>3,586,917</u>	<u>5,299,380</u>

These financial statements were approved by the Board of Trustees on 20 May 2009

Trustees

Anthony Simmonds

Norman Kaphan

The notes on pages 11 to 20 form part of these financial statements

The Variety Club Children's Charity
Company Balance Sheet
At 31 December 2008

Notes		2008	2007
		£	£
Fixed assets			
10	Tangible assets	1,872,957	2,385,638
11	Investments	100	100
		1,873,057	2,385,738
Current assets			
12	Debtors	1,484,917	1,798,049
13	Investments	644,500	650,000
	Cash at bank and in hand	1,696,348	2,196,166
		<u>3,825,765</u>	<u>4,644,215</u>
14	Creditors: amounts falling due within one year	<u>1,343,170</u>	<u>873,748</u>
	Net current assets	<u>2,482,595</u>	<u>3,770,467</u>
	Total assets less current liabilities	4,355,652	6,156,205
15	Creditors: amounts falling due after more than one year	768,735	856,825
		<u>3,586,917</u>	<u>5,299,380</u>
Funds			
17	Unrestricted funds	2,694,646	3,703,647
18	Restricted funds	892,271	1,595,733
		<u>3,586,917</u>	<u>5,299,380</u>

These financial statements were approved by the Board of Trustees on 20 May 2009

Trustees

Anthony Simmonds

Norman Kaphan

The notes on pages 11 to 20 form part of these financial statements

The Variety Club Children's Charity
Consolidated Cash Flow Statement
For the year ended 31 December 2008

Notes	2008 £	2007 £
24 Net cash (outflow) from operating activities	(565,576)	(566,825)
Returns on investments and servicing of finance		
Interest received	114,034	115,338
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(47,416)	(62,627)
Management of liquid resources		
Donation of current asset investments	(49,500)	-
Financing		
Decrease in debt	(88,090)	(113,669)
25 (Decrease) in cash and cash equivalents	<u>(636,548)</u>	<u>(627,783)</u>

The notes on pages 11 to 20 form part of these financial statements.

The Variety Club Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2008

1 Accounting Policies

1.1 The financial statements have been prepared under the historical cost convention, subject to the revaluation of freehold property and are in accordance with applicable accounting standards and Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005), and the Companies Act 1985.

The following principal accounting policies have been applied:

1.2 Income and expenditure

All incoming resources, including legacies, 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 financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised when there is no financial cost borne by a third party.

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, appeals 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.

1.7 Governance 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 The Variety Club Children's Charity (Variety Club) and its subsidiary undertaking, Variety Club Events Limited (Events).

1.9 Restricted funds

Where a donor has specified a particular purpose for a donation, all transactions have been reflected within restricted funds. Movements in these funds are detailed in note 18 to the financial statements.

1.10 Depreciation

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 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 £450,000. There is no set limit below which fixed assets are not capitalised.

1.11 Investments and investment properties

Investments are included in the balance sheet at market value. Surpluses or deficits on sales of investments are credited or charged to the statement of financial activities. Unrealised gains/losses are also shown in the Sofa.

1.12 Pension costs

Contributions to Variety Club's money purchase group personal pension plan are charged to the income and expenditure account in the accounting period in which they are payable.

1.13 Recognition of grants payable

Provision is only made in the financial statements when the specific funds have been raised and a commitment arises.

The Variety Club Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2008

2 Net income from trading activities of subsidiary

The principal activity of the subsidiary, Variety Club Events Limited, is the organisation and promotion of fund-raising activities and the sale of Gold Hearts on behalf of Variety Club. A summary of the results is set out below. Audited accounts have been filed with the Registrar of Companies

Profit and loss account	2008	2007
	£	£
Turnover	3,173,072	4,054,499
Cost of sales	2,100,974	2,799,044
Gross profit	1,072,098	1,255,455
Fundraising and publicity	359,281	313,957
Management and administration	11,500	9,500
Net profit	701,317	931,998
Gift aid donation to Charity	701,317	931,998
Retained profit	-	-

The aggregate of the assets, liabilities and funds was:

Assets	1,558,494	1,765,385
Liabilities	(1,558,394)	(1,765,285)
Funds (representing 100 ordinary shares of £1 each)	100	100

3 Investment income

	2008	2007
	£	£
Interest	114,034	115,338
	114,034	115,338

4 Employees

	2008	2007
	£	£
Staff costs		
Wages and salaries	1,079,572	966,310
Social security costs	110,156	89,909
Other pension costs	46,167	44,131
	1,235,895	1,100,350

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

	2008	2007
Fundraising	14	14
Events	8	7
Sunshine Coaches	1	1
Wheelchairs	1	1
Appeals	1	1
Variety at Work activities	1	1
Support	7	6
Governance	1	1
	34	32

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

	Number	Number
	2008	2007
£70,000 to £79,999	1	1

5 Trustees

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

Variety Club purchased insurance costing £2,880 (2007: £2,880) 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.

6 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:

- (a) Printing fees of £20,397 payable to EVC Graphic Design & Print, a firm of which Mr Raymond Curtis is the proprietor
- (b) Printing fees of £1,731 payable to Fraser Green, a firm of which Mr Alan Fraser is the proprietor
- (c) PR services of £3,680 payable to Blackburn Sachs Associates, a firm of which Mr Anthony Blackburn is the proprietor

The Variety Club Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2008

7 Analysis of total resources expended

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 at Work activities. Other costs have been apportioned to fundraising and publicity, governance costs and charitable activities according to staff numbers by activity.

	Staff costs (£)		Other costs (£)			Depreciation (£)	Grants (£)	2008 Total	2007 Total
	Direct	Apportion basis (staff numbers)	Allocated Support costs	Total Staff costs	Direct				
<i>Costs of generating funds</i>									
Fundraising	501,820	42.5%	114,426	616,246	350,720	42.5%	203,600	554,320	1,201,370
Cost of sales of trading subsidiary	-	-	-	-	2,100,974	-	-	2,100,974	2,100,974
Support costs of trading subsidiary	282,773	37.6%	101,110	383,883	88,009	37.6%	179,907	267,916	677,617
	784,593		215,536	1,000,129	2,539,703		383,507	2,923,210	3,979,961
<i>Charitable activities</i>									
Sunshine Coaches	38,985	4.8%	12,923	51,908	6,157	4.8%	22,994	29,151	3,504,622
Wheelchairs	29,947	4.2%	11,372	41,319	21,212	4.2%	20,235	41,447	559,343
Appeals	39,050	3.7%	9,842	48,892	-	3.7%	17,512	17,512	2,317,548
Variety at Work activities	32,391	4.6%	12,406	44,797	44,567	4.6%	22,074	66,641	1,093,106
	140,373		46,543	186,916	71,936		82,815	154,751	7,474,619
<i>Governance costs</i>									
	41,716	2.6%	7,134	48,850	26,684	2.6%	12,693	39,377	90,049
	966,682	100.0%	269,213	1,235,895	2,638,323	100.0%	479,015	3,117,338	11,544,629
							70,329	7,121,067	10,278,746

An analysis of 2008 grants and donations is contained in note 21 to the financial statements.

Total resources expended includes £1,082,951 an equivalent amount being described as intangible income in the Statement of Financial Activities. This comprises £978,000 in respect of Variety at Work activities (part of direct charitable expenditure), £11,006 printing fees and £93,445 in cost of sales.

The Variety Club Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2008

8 Net outgoing resources is arrived at after charging:	2008	2007
	£	£
Depreciation		
- office equipment	30,662	16,640
- freehold building	39,666	39,666
Auditors' remuneration - audit	27,025	27,025
Auditors' remuneration - other services	13,148	20,268
	<hr/>	<hr/>

9 Parent charity

The parent charity has taken advantage of the legal dispensation not to present its own income and expenditure account as permitted under Section 230(3) of the Companies Act 1985.

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.

10 Tangible assets

Group and company	Freehold land and buildings £	Office equipment £	Total £
Cost			
1 January 2008	2,644,382	308,070	2,952,452
Additions	-	47,416	47,416
Revaluation	(489,769)	(489,769)	
31 December 2008	<u>2,154,613</u>	<u>355,486</u>	<u>2,510,099</u>
Depreciation			
1 January 2008	314,947	251,867	566,814
Charge for the year	39,666	30,662	70,328
31 December 2008	<u>354,613</u>	<u>282,529</u>	<u>637,142</u>
Net book value at 31 December 2008	<u>1,800,000</u>	<u>72,957</u>	<u>1,872,957</u>
Net book value at 31 December 2007	<u>2,329,435</u>	<u>56,203</u>	<u>2,385,638</u>

The freehold property was revalued on 31 December 2008 to its current existing use value of £1.8m. The valuation was carried out by R.N. Sinclair, a qualified chartered surveyor, a member of the Royal Institute of Chartered Surveyors. Mr Sinclair is a director of Variety Club Events Limited.

11 Fixed asset investments

Company	£
Cost at beginning and end of year	<u>100</u>

Variety Club owns all the shares (100 at £1 each) in Variety Club 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 Club.

12 Debtors

	Group	Company	Group	Company
	2008		2007	
	£	£	£	£
Trade debtors	364,715	61,275	488,220	142,494
Amounts due from subsidiary undertaking	-	1,304,417	-	1,428,719
Other debtors	64,455	43,981	58,518	27,390
Prepayments and accrued income	138,068	75,244	279,440	199,446
	<u>567,238</u>	<u>1,484,917</u>	<u>826,178</u>	<u>1,798,049</u>

All debtors are due within one year.

The Variety Club Children's Charity
Notes forming part of the financial statements
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13 Current asset investments

	Market value		Cost	
	2008	2007	2008	2007
Group and company	£	£	£	£
Residential Property	595,000	650,000	650,000	650,000
Quoted shares	49,500	-	49,500	-
	<u>644,500</u>	<u>650,000</u>	<u>699,500</u>	<u>650,000</u>

Variety Club owns a residential property in Dorset which was left as a legacy to the charity in 2006. At the year end, this was shown as investment property at the market value of £595,000. On behalf of the trustees, the valuation was carried out by Countrywide Residential Lettings Limited, Bournemouth.

14 Creditors: amounts falling due within one year

	2008		2007	
	Group	Company	Group	Company
	£	£	£	£
Mortgage (secured - see note 15)	59,677	59,677	55,973	55,973
Bank loan (see note 15)	27,384	27,384	58,040	58,040
Trade creditors	493,227	295,905	336,213	217,462
Other creditors	5,332	2,556	38,309	1,158
Accruals and deferred income	117,624	63,694	255,093	74,429
Creditors for grants and donations	893,954	893,954	466,686	466,686
	<u>1,597,198</u>	<u>1,343,170</u>	<u>1,210,314</u>	<u>873,748</u>

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

	2007	Charge for the year	Payments	2008
			less amounts written back	
	£	£	£	£
Wheelchairs	255,974	489,830	(556,806)	188,998
General appeals	210,712	834,966	(340,722)	704,956
	<u>466,686</u>	<u>1,324,796</u>	<u>(897,528)</u>	<u>893,954</u>

15 Creditors: amounts falling due after one year

Group and company	2008	2007
	£	£
Mortgage (secured)	768,735	828,412
Bank Loan	-	28,413
	<u>768,735</u>	<u>856,825</u>

Mortgage (secured)

The mortgage is secured on Variety Club's freehold land and building and is repayable over a remaining period of 10 years at an interest rate of 6.4% per annum as follows:

	£	£
In more than one year but not more than two years	63,627	59,677
In more than two years but not more than five years	217,279	203,792
In more than five years	487,829	564,943
	<u>768,735</u>	<u>828,412</u>

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

	<u>46%</u>	<u>38%</u>
--	------------	------------

Bank Loan

The bank loan is repayable over a remaining period of 5 months at an interest rate of 1.5% over Barclays Base Rate.

	£	£
In more than one year but not more than two years	-	28,413
In more than two years but not more than five years	-	-
	<u>-</u>	<u>28,413</u>

The Variety Club Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2008

16 Analysis of group net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	1,872,957	-	1,872,957
Current assets	2,424,700	1,655,193	4,079,893
Current liabilities	(834,276)	(762,922)	(1,597,198)
Long-term liabilities	(768,735)	-	(768,735)
Total net assets	<u>2,694,646</u>	<u>892,271</u>	<u>3,586,917</u>

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

17 Unrestricted funds

Group and company

	£
At 1 January 2008	3,703,647
Net incoming resources for the year before transfers	(189,343)
Transfer between funds	(274,889)
Revaluation reserves	(544,769)
At 31 December 2008	<u>2,694,646</u>

18 Restricted Funds

Group and company

	Opening Balance £	Income £	Expenditure £	Closing Balance £
Sunshine Coaches	115,339	1,885,881	(1,927,328)	73,892
Easy Riders Wheelchairs	301,306	429,869	(536,655)	194,520
VCCH at Kings College Hospital	445,540	1,257,080	(1,702,620)	0
Variety Club Golfing Society	656,047	698,714	(778,293)	576,468
Regions	77,501	603,327	(633,437)	47,391
	<u>1,595,733</u>	<u>4,874,871</u>	<u>(5,578,333)</u>	<u>892,271</u>

Sunshine Coaches Fund

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

Easy Riders Wheelchairs Fund

The Easy Riders Wheelchair Committee raises funds specifically to deal with the heavy demand for indoor/outdoor electric wheelchairs and sports/lightweight wheelchairs since 1991 which are not currently provided by the DSS.

Variety Club Children's Hospital at Kings College Hospital

Funds to facilitate the refurbishment of the existing children's hospital opened in 1987. The children's hospital specialises in liver transplants, neuro-surgery and the treatment of Sickle Cell Anaemia.

Variety Club Golfing Society

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

The Variety Club Children's Charity
Notes forming part of the financial statements
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18 Restricted Funds (continued)

Regions

Variety Club's regional committees in the UK make grants and donations for Sunshine Coaches and Easy Riders Wheelchairs from their own funds as well as general appeals from unrestricted funds. The balance represents the restricted funds which existed at 31 December 2008.

19 Taxation status

Variety Club is a registered charity and as such is exempt from corporation tax.

The subsidiary undertaking's profits are donated to Variety Club under Gift Aid. Accordingly there is no provision for taxation on its profits for the year.

20 Share capital

As Variety Club is limited by guarantee, there is no share capital. At 31 December 2008, there were twenty-seven members (2007 - 26), each of whom has undertaken to contribute to the assets in the event of Variety Club being wound up, such amount as may be required, not exceeding £1.

21 Grants and donations

	Individuals		Institutions		Total	
	£	No	£	No	£	No
Appeals	162,978	108	2,085,653	70	2,248,631	178
Sunshine Coaches	-	-	3,420,263	114	3,420,263	114
Wheelchairs	445,461	153	28,212	5	473,673	158
	<u>608,439</u>	<u>261</u>	<u>5,534,128</u>	<u>189</u>	<u>6,142,567</u>	<u>450</u>

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

	£
King's College Hospital, London	1,709,418
Lineham Farm, Yorkshire	77,476
Calum's Cabin, Isle of Bute	74,000
Federation of Disability Sports Vale, Cardiff, South Glamorgan	40,812
Kents Kids Miles of Smiles, Canterbury, Kent	40,730
Hackney Community College, London N1	40,634
Castleview School, Stirling	36,664
77th Glasgow Disabled Scout Group, Glasgow	34,959
Braithwaite School, Keighley, West Yorkshire	34,764
Hob Moor Oaks School, York North Yorkshire	34,764
Ireland Wood Primary School, Leeds West Yorkshire	34,764
Mayfield School, Whitehaven, Cumbria	34,764
West SILC, Milestone Site, Pudsey, West Yorkshire	34,764
Clare Mount School, Wirral, Merseyside	34,744
Lyndale School, Wirral, Merseyside	34,744
Runworth School, Bolton, Lancashire	34,744
Bettridge School, Cheltenham, Gloucestershire	34,734
Blakebrook School, Kidderminster, Worcestershire	34,734
Addison Street Short Break Care Unit, North Shields, Tyne & Wear	34,682
Applefields School, York, North Yorkshire	34,682
Ravenscliffe High School, Halifax, West Yorkshire	34,682
Helen & Douglas House, Oxford, Oxfordshire	34,674
Granta School, Linton, Cambridge	34,667
Coteford Junior School, Pinner, Middx	34,664
Foxwood School, Hythe, Kent	34,664
Jack Tizzard School, London W12	34,664
Starks Field Primary School, London N9	34,664
Springside School, Rochdale, Lancs	34,662
Balance carried forward	<u>2,748,918</u>

The Variety Club Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2008

21 Grants and donations (continued)	£
Balance brought forward	2,748,918
Little Haven Childrens Hospice, Thundersley Essex	34,597
Lonsdale School, Stevenage, Herts	34,592
Bitterne Park School, Southampton, Hants	34,582
Fordwater School, Chichester, West Sussex	34,582
Lexden Springs School, Colchester, Essex	34,582
South Downs Community School, Eastbourne, East Sussex	34,582
Willow Dene School, London SE18	34,582
Icknield School, Andover, Hants	34,557
Caerphilly Children's Centre, Caerphilly, Mid Glamorgan	34,209
Chestnut Tree House, Arundel, West Sussex	34,207
The Dales School, Northallerton, North Yorkshire	34,157
Heathfield School, Stoke on Trent, Staffs	34,137
Overnonnow Primary School, Monmouth, Gwent	34,127
The Percy Hedley Foundation, Newcastle Upon Tyne	33,855
Mayfield School, Handsworth, Birmingham	33,765
Wyvern School, Weymouth, Dorset	33,420
Holy Family Youth Centre, Belfast	31,660
Ledley Hall Boys & Girls Club, Belfast	31,660
Croydon Youth Development Trust, Croydon, Surrey	31,369
Success Through Quality, Ashington, Northumberland	31,367
The Archway Project Ltd, London SE2	31,249
Full Circle Education, London SE3	31,220
Performance Studios, Kirby, Merseyside	31,020
Resources For Autism, London NW11	30,926
Ten- Em-Bee Development Centre, Bromley, Kent	30,897
Bolton Children's Opportunity Group, Bolton, Lancs	30,454
Parkside, Aldershot, Hants	30,362
Army Benevolent Fund, London	30,000
Northern Counties School, Newcastle Upon Tyne	29,924
Park Lane Special School, Macclesfield, Cheshire	29,904
Fairfield School, Batley, West Yorkshire	29,842
Hadrian School, Newcastle Upon Tyne	29,842
Hexham Priory School, Hexham, Northumberland	29,842
Bridge School, Birmingham, West Midlands	29,834
Lyndon House, Solihull, West Midlands	29,812
Hazel Court School, Eastbourne, East Sussex	29,742
Redden Court School, Romford, Essex	29,742
Ridgeway School, Farnham, Surrey	29,742
The Winchester Project, London NW3	29,742
Torwood School, Larbert, Stirlingshire	29,174
Belstead School, Ipswich, Suffolk	29,059
The Sunshine Centre, Tilbury, Essex	29,044
Glasgow Perthshire Football Club, Glasgow	28,005
Carpenters & Docklands Centre, London E15	27,852
Fairbridge De Cymru, Cardiff	27,797
Gosport Opportunity Group, Gosport Hants	27,756
Harbour School, Ely, Cambridgeshire	26,810
Priory School, Bury St Edmunds, Suffolk	26,760
St Martin School, Derby, Derbyshire	26,747
Even Swindon Junior School, Swindon, Wiltshire	26,732
Spring Common School, Huntingdon, Cambridgeshire	26,707
The Park Campus, London SE27	26,697
Morecambe Road School, Morecambe, Lancs	26,685
Whitchurch High School, Cardiff, South Glamorgan	26,665
Holmleigh Primary School, London N16	26,627
Spring Fields School, Calne, Wilts	26,605
Hebburn Comprehensive School, Hebburn, Tyne & Wear	26,503
Balance carried forward	<u>4,489,828</u>

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21 Grants and donations (continued)	£
Balance brought forward	4,489,828
Catwg Primary School, Neath, West Glamorgan	26,472
The Court Special School, Cardiff, South Glamorgan	26,472
St Aidans School, Glasgow	26,450
Rigby Hall School, Bromsgrove, Worcestershire	26,412
Bower Grove School, Maidstone, Kent	26,402
Harris Academy, London SE25	26,402
North Becton Primary School, London E6	26,402
Patcham House School, Brighton	26,402
Moorhey School, Preston Lancs	26,400
The Walnuts School, Hazeley Milton Keynes	26,330
The Honeypot Charity, Southampton, Hants	26,320
The Lighthouse Project, Epsom, Surrey	26,320
Hillcrest School, Cramlington, Northumberland	26,075
Bournville Junior School, Weston-Super-Mare Avon	25,735
The Woodsetton School, Dudley, West Midlands	25,710
Fortrose Academy, Fortrose, Ross & Cromarty	24,047
The Marjory Kinnon School, Feltham, Middx	23,999
Buglawton Hall School, Congleton, Cheshire	23,977
Fosse Way School, Radstock, Avon	23,932
Kingsweston School, Bristol	23,932
South Park School, Ayr Ayrshire	23,822
Daniel James Community School, Swansea, West Glamorgan	23,774
Pathways School, Castleford, West Yorks	23,722
Thomas Bewick Special School, Newcastle Upon Tyne	23,722
Priestly Smith School, Birmingham, West Midlands	23,714
College Park School, London W2	23,704
Knowsley Northern Primary Support, Liverpool, Merseyside	23,702
Meade Hill Ebsd School, Manchester, Lancs	23,702
Heritage Park Community School, Sheffield, South Yorkshire	23,672
Brent Childrens & Families, Wembley, Middx	23,622
Downsview School, London E5	23,622
St Vincents School For The Deaf, Glasgow	23,205
Inscape House, Cheadle, Cheshire	23,155
St. Andrews Hospice, Yorkshire	16,984
Dukes Barn appeal, Yorkshire	12,741
Penhurst School, London	10,680
Oaklands School, London	10,500
D.Side Drugs Programme, Yorkshire	10,000
DSGI Business, Yorkshire	10,000
Hindleap Warren, Forest Row, East Sussex	10,000
The Lighthouse Group UK Ltd, Yorkshire	10,000
John Jamieson School, Yorkshire	8,383
Hamper Project, Yorkshire	6,000
Ravencliffe Community associates, Yorkshire	6,000
Bradley Wood Activity Centre, Yorkshire	5,000
Holiday Activities, Yorkshire	5,000
Other donations under £5,000	101,683
	<u>5,534,128</u>

22 Commitments

As at 31 December 2008, Variety Club was committed to supplying Sunshine Coaches totalling £503,500 (2007: £872,000) conditional upon the raising of specific funds to finance the cost of the coaches. Provision is only made in the financial statements when the specific funds have been raised.

23 Pensions

Variety Club operates a money purchase group personal pension plan. There is a series of individual pension plans to which Variety Club contributes.

The Variety Club Children's Charity
Notes forming part of the financial statements
For the year ended 31 December 2008

24 Reconciliation of net outgoing resources from operating activities	2008	2007
	£	£
Net (outgoing) resources for the year	(1,712,463)	(377,414)
Depreciation of tangible fixed assets	70,328	56,306
Unrealised loss on investments	-	(50,000)
Revaluation of Property	544,769	-
Decrease / (increase) in debtors	258,940	2,802
Increase / (decrease) in creditors	386,884	(83,181)
Investment income	(114,034)	(115,338)
Net cash (outflow) from operating activities	<u>(565,576)</u>	<u>(566,825)</u>

25 Reconciliation of net cash flow to movement in net funds	2008
	£
Decrease in cash in the year	(636,548)
Net cash outflow from decrease in debt	115,042
Net cash inflow from Increase in liquid resources	-
Movement in net debt in the year	<u>(521,506)</u>
Opening net funds	<u>2,533,865</u>
Closing net funds	<u>2,012,359</u>

26 Analysis of net funds	Opening Balance	Cash Flow	Other non- cash changes	Closing Balance
	£	£	£	£
Cash at bank and in hand	3,504,703	(636,548)	-	2,868,155
	3,504,703	(636,548)	-	2,868,155
Debt due after one year	(856,825)	-	88,090	(768,735)
Debt due within one year	(114,013)	115,042	(88,090)	(87,061)
Total	<u>2,533,865</u>	<u>(521,506)</u>	<u>-</u>	<u>2,012,359</u>

27 Operating lease commitments

At 31 December 2008, the group had annual commitments under non-cancellable operating leases as set out below.

	Plant & Machinery	
Operating leases which expire:	2008	2007
	£	£
Between 2 and 5 years	<u>6,087</u>	<u>6,087</u>



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