

Registered Company No: 2252337
Registered Charity No. 802047
Scottish Registered Charity No. SC040717

Ronald McDonald House Charities (UK)

Report and Financial Statements

31 December 2017

Message from the Chair

Dear Supporters,

Together, we have made a huge difference to families with seriously ill children this year. In 2017, the 14 Ronald McDonald Houses across the UK, three of which are run by independent local charities with whom we collaborate closely – were able to help 8,253 families stay close to their children in hospital. For more than a quarter of a century, the Houses have supported and given a place to stay to more than 60,000 families, helping to make the toughest times just that little bit easier. This is a remarkable achievement made possible by the generosity and dedication of our fantastic supporters and staff.

Right now, the need for family accommodation has never been greater.

For some time, the NHS has looked to improve treatment for children by developing centres of excellence: specialist hospitals with the best doctors, right equipment and levels of care. This welcome development means two things. Importantly, it means that children can get the best possible treatments that they desperately need. However, it also means that accessing treatment can mean travelling further distances and longer stays far from home.

For our charity the challenge, as the health service continues to strive for the best possible family-centred care in these specialist centres, is to satisfy the demand for our services from the hospitals.

House Development

In July 2017 we celebrated the opening of our first ever Ronald McDonald House in Wales. We collaborated with local organisations to help us provide our free 'home away from home' accommodation at the Noah's Ark Children's Hospital, neo-natal unit and paediatric intensive care unit at the University Hospital of Wales in Cardiff in partnership with Cardiff and Vale UHB. The House looks after 30 families per night in the latest state of the art family accommodation.

Work has been progressing on a brand new 25 bedroom Ronald McDonald House in Edinburgh in partnership with NHS Lothian. The new House will accommodate families of children being treated at the new Royal Hospital for Children and Young People due to open late 2018.

In November 2017 the Charity also decided to honour the volunteer Chairman of Governors at the Manchester House. Steve Burne has been tragically diagnosed as being terminally ill, but is leading a local campaign to create five additional family rooms at our Manchester House. Steve is determined to raise the funds locally, but has the full support of the Charity. These will be known as the 'Steve Burne Rooms'.

In summer 2017, plans begun for the expansion and relocation of the Ronald McDonald House in Oxford, for families being treated at John Radcliffe Hospital. Construction will begin in summer 2018, creating a new 62 bedroom House due to open in autumn 2019.

Fundraising highlights

Our supporters are helping to make these ambitious plans a reality. We were fortunate to receive remarkable levels of financial support in 2017. The £11 million donated to us by our various supporters and stakeholders will enable us to build and maintain more Houses at hospitals, giving a huge boost to families needing to be near their sick children in the future.

Our annual March Gala Dinner and our golf tournament were particular highlights for the Charity this year; not only did they raise more than £950,000, before related expenditure, but they also provided us with the opportunity to thank many of our stakeholders and celebrate their support of Ronald McDonald House Charities.

One of our fastest growing income streams remains money raised on a local level by regional fundraisers. This exceeded £3.5 million in 2017.

McDonald's and its franchisees continue to play a vitally important role in our work, raising money, making donations and providing in kind support - something they have done for almost 30 years. This year McDonald's facilitated a fundraising initiative called Keep Families Close. Restaurants sold soft

Commented [GL1]: I know we still raised money via Houses last year, but it is still technically correct to refer to that as regional fundraising. If it's not accurate enough, happy to revert back to what it was originally.

Message from the Chair (continued)

toys on behalf of the Charity, and when combined with in store donations, meant that with this event McDonald's raised nearly £400,000 on our behalf in October.

Special mention must also go to McDonald's generous customers who donated a staggering £3 million in our collection boxes through the year. We really are incredibly grateful for the support we receive from this special family. All of them – staff, restaurant crew, franchisees, suppliers and customers – make a vital difference to sick children and their families.

The future

The Charity has ambitious plans to expand its reach to families through an additional 87 rooms over the next three years. This will be through the new Ronald McDonald House in Edinburgh, the Steve Burne Rooms and the expansion and relocation of Ronald McDonald House Oxford.

2018 will see the start of a comprehensive reinvestment programme. As the Charity grows, the existing estate needs equal investment and development. A rolling programme is being put in place for the long term.

To help finance the reinvestment and other new Houses, we shall continue to work closely with our major corporate partner McDonald's, while also undertaking various awareness and fundraising campaigns to continue to harness the generosity of our many different supporter bases.

The Trustees also recognise the growth of cashless transactions has given rise to the need to develop some form of opportunity of cashless donation, and the Charity are working closely with McDonald's to make this possible.

A special thank you

We are very fortunate to have a dedicated group of employees, volunteers and Trustees who work hard to provide the best possible service to families, 365 days a year, helping them to feel at home in exceptional circumstances and making a real difference to children who need their families close by. Thank you, very much, for the work that you do; and thank you, once again, to everyone who has donated, supported and fundraised for Ronald McDonald House Charities in 2017. Your motivation and commitment to helping families with children in hospital is truly inspiring.

Yours sincerely,



Jeff Fergus

Chairman of Ronald McDonald House Charities Board of Trustees

Strategic Report

1. Objectives and activities

The Charity's key purpose, as set out in the Memorandum of Association, is to provide free 'home away from home' accommodation for families whose children are seriously ill in specialist children's hospitals in the UK.

In 2017, accommodation was provided in the following Houses. These are run directly by Ronald McDonald House Charities UK in order to achieve the charity's aims and objectives.

- Birmingham Children's Hospital – 65 bedrooms
- Southampton University Hospital – 53 bedrooms
- Evelina London Children's Hospital – 59 bedrooms
- Cardiff and Vale Hospital – 30 bedrooms (opened July 2017)
- Royal Alexandra Children's Hospital and Trevor Mann Baby Unit, Brighton – 18 bedrooms
- King's College Hospital, Camberwell – 24 bedrooms
- Moorfields Eye Hospital – 10 bedrooms
- St George's Hospital, Tooting – 8 bedrooms
- Royal Manchester Children's Hospital – 60 bedrooms
- John Radcliffe Hospital, Oxford – 18 bedrooms
- Arrows Park Hospital, Wirral – 7 bedrooms

Through the partnership with the Cardiff and Vale Hospital, we were delighted to open the brand new 30 bedroom Ronald McDonald House opposite the Noah's Ark Children's Hospital. The House accommodated 237 families during its first 6 months of operation.

Additionally, McDonald's and their Franchisees have generously decided to donate the money raised through the statutory levy on carrier bags paid by McDonald's customers in Wales and Scotland. This has significantly boosted funds for our two most recent projects - as mentioned, our first Ronald McDonald House in Wales that opened in July 2017. We also have a working agreement with the brand new Royal Hospital for Children and Young People in Edinburgh. This is currently under construction in Edinburgh and due to open late 2018. We intend to provide a 25 bedroom House inside the new hospital building.

Ronald McDonald House Charities' charitable objectives focus on providing free 'home away from home' accommodation for the families of seriously ill children at specialist children's hospitals. This includes both building and running Houses for this purpose. In shaping our objectives for the year and planning our activities, the Trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)' and are confident that the Charity continues to fulfil its objectives.

Our volunteers

The Charity remains indebted to an ever growing number of volunteers who support the organisation. As well as our national board of Trustees, we have volunteer House boards that help with fundraising and generating local support and guidance for each House operation.

Around 21,575 volunteer hours were donated, helping with the day to day running of the Houses. They do not offer a financial saving to our operations, but add strength and depth to our day to day support of our families.

We also are enjoying more and more support from local businesses and companies that want to get involved in supporting their local communities. These activities vary from House to House, but can involve cooking meals for families, gardening, basic maintenance, cleaning, and of course fundraising.

Strategic Report (continued)

Plans for future periods

The next two to three years will be an important time for Ronald McDonald House Charities. 2017 saw the Charity building three new Houses at once, for the first time in our history. To help finance these and other new Houses, we shall continue to work closely with our major corporate partner McDonald's, while also undertaking various awareness and fundraising campaigns to continue to harness the generosity of our many different supporter bases.

2. Achievement and performance

In 2017, the number of families accessing accommodation from Ronald McDonald Houses is over 8,200 families.

Accommodated Families in 2017

	No. Families Staying in 2017	Average Length of Stay (nights)
Arrowe Park	73	25
Birmingham	1018	19
Brighton	207	16
Camberwell	389	17
Cardiff (opened July 2017)	237	10
Evelina	739	18
Manchester	741	23
Moorfields	243	2
Oxford	528	10
Southampton	1165	13
Tooting	116	24
TOTALS	5456	16

Figures for Independent Houses

Liverpool	1919
Bristol	379
Glasgow	499
TOTALS	2797

UK TOTAL	8253
-----------------	-------------

3. Financial Review

In 2017, generous supporters of families with seriously ill children in hospital donated totals of over £11 million to the Charity to enable us to provide free 'home away from home' accommodation, as stated in our charitable objectives, to 5,456 families in need.

Strategic Report (continued)

Financial Review (continued)

These income levels, which exceeded growth targets set by the Board of Trustees for the year, ensure a healthy financial position for the Charity, enabling us to both maintain our existing commitments to family accommodation across the country, and honour current pledges to future capital build projects.

The main source of income for Ronald McDonald House Charities in 2017 was voluntary (income given freely, not in return for goods and services), at 90% of all income, totalling £10.3 million. It was promising to witness an increase in the number of smaller donations we received from trusts and foundations towards our new projects. This is an area that we will continue to increase over the next few years.

In Scotland the Charity continues to work with NHS Lothian to provide a Ronald McDonald House at their new children's hospital under construction in Edinburgh. We also continue to work in partnership with the independently operated Ronald McDonald House in Glasgow, and have previously provided accommodation at Ninewells Hospital in Dundee and Raigmore Hospital in Inverness.

Voluntary income

The largest source of voluntary income continued to be donations from the general public via collection boxes located primarily in McDonald's restaurants all over the UK. Their contribution amounted to nearly £3.1 million, 2% down on the previous year. Considering the growth in cashless transactions the Charity is pleased to note this income stream remains stable. This reflects a growing awareness of the Charity among McDonald's customers. The Charity raised 9% of its voluntary income in 2017 through collection boxes in McDonald's Restaurants Ltd in Scotland, 5% through collection boxes in Wales and 4% through collection boxes in Northern Ireland.

The Charity was once again indebted to McDonald's Restaurants Limited and its franchisees who donated over £1 million towards the work of the Charity, as well as office facilities and other in-kind support. The biggest growth in income came from families and local communities, who together raised more than £3.5 million in 2017.

Expenditure

Charitable activity costs account for 71% of all expenditure. The Trustees have reviewed expenditure and are satisfied that it is reasonable, and supports the Charity's stated objectives.

Reserves policy

The Trustees currently maintain all funds on cash deposit to ensure liquidity to meet the Charity's obligations and ongoing commitments. This policy of low risk is reviewed on a regular basis.

Designated fund & tangible fixed assets

The Charity co-owns, with our partner hospitals, a portfolio of fixed assets – residential properties offered free of charge to families with seriously ill children at hospital – currently with a net book value of £42 million. These properties are restricted to serving the charitable purpose for which the Charity exists and cannot easily be converted into general funds for day-to-day use. The assets are being depreciated over 40 years to reflect the fact that ownership of the Houses will ultimately revert to the respective hospitals, as part of our contractual agreements with them.

Strategic Report (continued)

Designated fund & tangible fixed assets (continued)

The Designated Fund includes any monies committed to future capital builds. Its current balance of nearly £10 million will cover the final payment of £93,000 for Ronald McDonald House Cardiff, which completed in July 2017. The new Edinburgh House has a working budget of £3.5million that will become due on completion in late 2018.

Future commitments include a relocation of the Oxford House at an estimated cost of £14.5 million. Contract payments will commence in summer 2018. The Hospital has committed donations totalling £2.5million against the project, however the remaining funds will need to be raised, alongside our annual House running costs, by the Charity through 2017 and early 2018.

General fund & free reserves

The Trustees assess the risks facing the Charity on a quarterly basis and consequently review the level of free reserves required annually in line with Charity Commission guidance. Trustees recognise that reserves held must safeguard the Charity against unexpected loss of income, to enable the Charity to meet its financial obligations in relation to its charitable objectives. Trustees agree that minimum free reserves of four months' running costs are prudent in this financial climate. The balance of free reserves as at 31 December 2017 was therefore £1.9 million.

4. Structure, governance and management

Ronald McDonald House Charities UK was established in 1989 to provide accommodation and other assistance for children being treated in hospital and their families; also to raise funds for children's charities generally. Historically this was achieved through the funding and building of Ronald McDonald Houses and Family Rooms in or close to hospitals and children's hospices; however, since 2007 the Charity has focused exclusively on the charitable objective of providing and operating Ronald McDonald Houses to support families when their children are seriously ill in hospital.

The Charity is governed by a memorandum and articles of association, which were last amended materially in 2010 to reflect both the Charity's right to borrow money where appropriate, and the registration of Ronald McDonald House Charities in Scotland as per OSCR requirements.

Governance and strategic leadership is provided to the Charity by the Board of Trustees, headed by an elected Chair. Potential Trustees are chosen for their skills and experience and, following interview and due process, are elected to the Board of Trustees by formal vote. They serve for an initial period of three years after which they may offer themselves for re-election. Trustees are inducted through an orientation programme involving visits to the Houses, training around the Charity's objectives and strategic goals, and communication of their legal responsibilities to the Charity.

The full Board of Trustees meets quarterly. In addition, Trustees can serve on subcommittees according to their particular area of expertise and experience. These groups report to the full Board for ratification and approval of any suggested activities. The Trustees and senior staff also meet to discuss specific and particular issues as needed. Expenditure must be approved by the Trustees through set budgets, and this and other financial matters are monitored by the Finance and Governance subcommittee.

The liability of Trustees is limited. Every member of the company undertakes to contribute a maximum amount of £1 to the company's assets if it should be wound up while they are a member or within one year after they cease to be a member.

Strategic Report (continued)

Structure, governance and management (continued)

Responsibility for day-to-day management of Ronald McDonald House Charities is delegated to the Chief Executive with a staff team (in 2017) of 22 full-time and one part-time office staff, including Operations, Development, Fundraising, Marketing and Communications and Administration, split between three offices in London, Salford and Sutton Coldfield. The eleven Ronald McDonald Houses run directly by the Charity employ a further 126 staff to carry out the Charity's objectives of providing accommodation to families with seriously ill children in hospital.

The Trustees, the Company Secretary and Chief Executive are considered to comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Charity on a day to day basis. All Trustees give of their time freely and no Trustee received remuneration in the year.

The pay of staff is reviewed annually and linked to individual performance throughout the period. In view of the nature of the Charity, the staff pay is benchmarked against pay levels in other charities of a similar size whilst using pay grade ranges for all roles.

Ronald McDonald House Charities UK is a licensed chapter of a global network of charities. It works towards similar charitable aims and objectives, but operates completely independently of this network.

Of the 14 Ronald McDonald Houses operating in the UK at the end of 2017, three were established as independent charities. The Charity continues to work in partnership with these Houses but they do not form a part of this annual report.

The Trustees consider it too early to assess the risk arising from the United Kingdom's planned exit from the European Union, however they will continue to assess this and respond to any arising risk as necessary.

5. Reference and administrative details

Ronald McDonald House Charities (UK) is an independent charity registered in England and Wales (802047) and in Scotland (SC040717), and is a company limited by guarantee (2252337), registered in England.

Registered Office

11-59 High Road

East Finchley

London N2 8AW

United Kingdom

0844 840 0844

www.rmhc.org.uk

Strategic Report (continued)

Trustees

J Fergus (Chairman)

Dr S Fradd

M Morgan

S Kirk

Dr A Ohrling

H Trickey

J Clark

A Sirkhot

R Mounsey

A Macrow

Appointed 9th June 2017

S Hunsdale

P Hurst

Key management personnel

Chief Executive J Haward

Company Secretary A Ward

Auditor

Ernst & Young LLP

1 More London Place

London SE1 2AF

On behalf of the Trustees

Jeff Fergus,
Chairman

Statement of Trustees' responsibilities

The Charity's financial statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of Ronald McDonald House Charities (UK)

Opinion

We have audited the financial statements of Ronald McDonald House Charities (UK) for the year ended 31 December 2017 which comprise the Statement of financial activities, Statement of total recognised gains and losses, Balance sheet, the statement of cash flows and related notes 1 to 19 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its 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 regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

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 below. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report set out on pages 1 to 9, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

Independent auditor's report (continued)

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- ▶ the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purpose of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ The strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have identified no material misstatements in the strategic report included within the trustees' report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that give a true

Independent auditor's report (continued)

Responsibilities of trustees (continued)

and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of 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 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 management either intends to liquidate the charitable company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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.

Judith Smith (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
9 August 2018

Statement of financial activities

for the year ended 31 December 2017

		<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total funds</i>	<i>Total funds</i>
		2017	2017	2017	2016
Notes		£'000	£'000	£'000	£'000
Income:					
Donations and legacies	2	8,754	1,555	10,309	9,673
Other trading activities	3	1,147	0	1,147	1,226
Interest	4	27	0	27	32
Other income		0	0	0	3,096
Total income		<u>9,928</u>	<u>1,555</u>	<u>11,483</u>	<u>14,027</u>
Expenditure:					
Costs of raising funds	5	(2,184)	0	(2,184)	(2,385)
Expenditure on charitable activities	5	(5,437)	0	(5,437)	(4,673)
Total expenditure		<u>(7,621)</u>	<u>0</u>	<u>(7,621)</u>	<u>(7,058)</u>
Net income and net movement in funds for the year		2,307	1,555	3,862	6,969
Reconciliation of funds:					
Net transfer of funds		8,458	(8,458)	0	0
Total funds brought forward		40,560	8,990	49,550	42,581
Total funds carried forward	17	<u>51,325</u>	<u>2,087</u>	<u>53,412</u>	<u>49,550</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2017

There are no recognised gains or losses other than the net incoming resources of £3,862,372 in the year ended 31 December 2017 (2016 - £6,967,562)

Balance sheet

at 31 December 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	14	42,006	38,784
Current assets			
Debtors	15	838	1,050
Cash at bank and in hand		11,327	10,373
Total current assets		<u>12,165</u>	<u>11,423</u>
Liabilities			
Creditors: amounts falling due within one year	16	(759)	(657)
Total Net Assets		<u>53,412</u>	<u>49,550</u>
The funds of the charity:			
Unrestricted funds	17	51,325	40,560
Restricted funds	17	2,087	8,990
		<u>53,412</u>	<u>49,550</u>

The financial statements were approved by the trustees and authorised for issue on 9 August 2018

On behalf of the Trustees

Jeff Fergus
Chairman

Statement of cash flows

for the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Cash flows from operating activities			
Net cash provided by operating activities	18	5,459	10,502
Cash flows from Investing activities			
Interest		21	27
Proceeds from the sale of property, plant and equipment		0	3,750
Purchase of property, plant and equipment		(4,525)	(13,761)
Net cash used in investing activities		(4,504)	(9,984)
Cash flows from financing activities			
Net cash provided by financing activities		0	0
Change in cash and cash equivalents in the reporting period		955	518
Cash and cash equivalents at the beginning of the reporting period		10,372	9,854
Cash and cash equivalents at the end of the reporting period	19	11,327	10,372

Notes to the financial statements

at 31 December 2017

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Company's financial statements have been prepared in compliance with FRS 102 for the year ended 31 December 2017. The company transitioned to FRS102, from previously extant UK GAAP as at 1 January 2014.

Income

Income is received by way of donation, special grants, events and interest on deposits. Income is included in the statement of financial activities when the Charity is entitled to the income and it can be quantified with reasonable certainty.

Taxation

As a charity, the company is exempt from tax on income and gains. As such, no tax charges have arisen.

Donations

Cash donations are included in the income and expenditure account when received.

Tangible fixed assets

Leasehold improvements and fixtures and fittings are stated at cost less depreciation. The assets relate to Ronald McDonald Houses that are managed and run by the Charity.

Depreciation is provided on all fixed assets. The depreciation rates used are calculated to write off the cost of each asset by equal annual instalments over its expected useful life as follows:

Leasehold improvement	-	the lower of 40 years or the unexpired portion of the lease
Fixtures and fittings	-	ten years
Office equipment	-	three years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Governance costs

Included within governance costs are salaries to administration staff, general office expenses, auditor's remuneration and bank and legal charges.

Funds

Designated funds are monies on reserve that the Charity has identified against specific board approved projects that are on site or subject to contract.

Details of the nature and purpose of each fund are set out in note 17.

Resources expended

Where costs cannot be directly attributed to particular headings, they have been allocated by proportion to activities based on the staff time spent carrying out the function. Fundraising costs are those incurred in seeking voluntary donations; support costs are those costs incurred directly in support of the Charity's aims and include project management of new and existing projects; management and administration costs are those incurred in connection with administration of the Charity and compliance with legal and statutory requirements.

Notes to the financial statements

at 31 December 2017

2. Income from donations and legacies

	2017	2016
	£'000	£'000
McDonald's Restaurants	1,469	1,265
Collection boxes	3,109	3,170
McDonald's campaign	370	440
Welsh carrier bag income	336	324
Scottish carrier bag income	718	666
General donations	257	289
Gift aid	19	0
House income	3,529	3,039
Grant income	502	480
Total income from donations	10,309	9,673

The income from donations was £10,308,221 (2016: £9,672,488) of which £8,752,891 was unrestricted (2016: £8,201,995) and £1,555,330 restricted (2016: £1,470,494).

The charity benefits from the involvement of enthusiastic support of its volunteers, details of which are given in the Strategic Report. In accordance with FRS 102 and the Charities SORP (FRS102), the economic contribution of general volunteers is not recognised in the accounts.

3. Income earned from other activities

	2017	2016
	£'000	£'000
Black tie dinner	471	455
Golf tournament	485	475
Whole Hog challenge	169	109
Overseas challenge	3	175
Overseas apartment	12	12
Other	7	0
Total income earned from other activities	1,147	1,226

4. Interest income

	2017	2016
	£'000	£'000
Interest receivable	27	32

Notes to the financial statements

at 31 December 2017

5. Analysis of expenditure

	Activities undertaken directly £'000	Depreciatio n £'000	Support costs £'000	Total £'000
<i>Raising funds</i>				
Donations	455	0	715	1,170
Other trading activities	498	0	516	1,014
	953	0	1,231	2,184
<i>Charitable activities</i>				
RMH Arrowe Park	114	42	0	156
RMH Birmingham	635	233	0	868
RMH Brighton	210	28	0	238
RMH Camberwell	291	83	0	374
RMH Cardiff	269	138	0	407
RMH Guy's	0	6	0	6
RMH Evelina	454	348	0	802
RMH Manchester	647	203	0	850
RMH Moorfields	38	2	0	40
RMH Oxford	220	17	0	237
RMH Southampton	418	187	0	605
RMH Tooting	184	2	0	186
Operations Team	650	18	0	668
Total expenditure on charitable activities	4,130	1,307	0	5,437
TOTAL	5,083	1,307	1,231	7,621

Expenditure on charitable activities was £5,436,938 (2016: £4,672,919)

6. Summary analysis of expenditure and related income for charitable activities

This table shows the costs of the Charity's main activity of providing accommodation, and the sources of income directly to support this activity.

	House operations £'000	Total £'000
Costs	(5,437)	(5,437)
Net costs relating to charitable activities	(5,437)	(5,437)
<i>Income from charitable activities</i>		
House income	3,529	3,529
Grant support	502	502
Net costs funded from other income	(1,406)	(1,406)

Notes to the financial statements

at 31 December 2017

7. Analysis of governance and support costs

The Trustees initially identify the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned across the charity. Refer to the table below for the basis of apportionment and the analysis of support and governance costs.

	General support (See note 5) £'000	Governance function £'000	Total £'000	Basis of apportionment
Salaries, wages and related costs	759	325	1,084	70:30 split
Administration	0	182	182	Governance
Bank and legal fees	0	9	9	Governance
Total expenditure on charitable activities	759	516	1,275	

8. Auditor's remuneration

	2017 £'000	2016 £'000
Auditor's remuneration	12	12

In 2017 and 2016, the audit fee had been borne by McDonald's Restaurants Limited.

9. Analysis of staff costs, trustee remuneration and expenses, and the cost of key personnel

	2017 £'000	2016 £'000
Salaries and wages	3,133	2,875
Social security costs	280	256
Pension costs	163	149
	3,576	3,280

The number of staff whose emoluments fell within each of the following bands was:

	2017 No.	2016 No.
£0 to £59,999	144	127
£60,000 to £69,999	3	2
£110,000 to £119,999	0	1
£120,000 to £130,000	1	0
	148	130

The charity Trustees were not paid nor received any other benefit from employment with the Charity in the year (2016: £nil), neither were they reimbursed expenses during the year (2016: £nil). No charity Trustee received payment for professional or other services supplied to the Charity (2016: £nil).

Notes to the financial statements

at 31 December 2017

9. Analysis of staff costs, trustee remuneration and expenses, and the cost of key personnel (continued)

The key management personnel of the Charity's operation comprise of the Chief Executive and the Head of UK Development. The total employee benefits of the key management personnel of the Charity were £195,450 (2016: £180,820).

10. Staff numbers

The average monthly head count was 148 full time staff (2016: 130) and was made up as follows (includes part time):

	2017	2016
	No.	No.
Support staff	23	24
Operational – salaried staff	45	35
Operational – hourly staff	80	71
	<u>148</u>	<u>130</u>

11. Related party transactions

During the year, the Charity entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and trading balances outstanding at 31 December 2017, are as listed below.

- The intermediary, McDonald's Marketing Co-operative Limited did not collect any funds during the year from McDonald's restaurants and joint venture companies in the United Kingdom on the charity's behalf. At the balance sheet date, the amounts outstanding was £2,014 (2016 - £2,014)
- During the year the charity received charitable donations from McDonald's Restaurants Limited, £437,678 (2016 - £460,626). Additionally, McDonald's Restaurants Limited made donations of £461,173 (2016 - £457,516) in respect of the Welsh and Scottish carrier bag levies.
- Additionally, McDonald's Restaurants Limited incur costs on behalf of the charity which are then recharged at cost to Ronald McDonald House Charities. During the year McDonald's Restaurants Limited received £3,797,218 (2016 - £3,731,661) in recharges for costs incurred. At the balance sheet date, the amount due (from) RMHC was (£8,439) (2016 - (£55,448)).

Commented [JB2]: This needs to be updated please

12. Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

13. Limited by guarantee

The charity is limited by guarantee and as a consequence does not have share capital. The Directors of the charity comprise of a majority of Independent Trustees and including Trustee representatives of McDonald's Restaurants Limited and its franchisees. The liability of every member is limited to £1 each.

Notes to the financial statements

at 31 December 2017

14. Tangible fixed assets

	<i>Land and Buildings</i>	<i>Fixtures and fittings</i>	<i>Office equipment</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost:				
At 1 January 2017	42,241	1,186	34	43,461
Additions	4,047	443	35	4,525
Disposals	0	0	0	0
At 31 December 2017	<u>46,288</u>	<u>1,629</u>	<u>69</u>	<u>47,986</u>
Depreciation:				
At 1 January 2017	4,147	529	1	4,677
Provided in the year	1,144	141	18	1,303
Disposals	0	0	0	0
At 31 December 2017	<u>5,291</u>	<u>670</u>	<u>19</u>	<u>5,980</u>
Net book value:				
At 31 December 2017	<u>40,997</u>	<u>959</u>	<u>50</u>	<u>42,006</u>
At 1 January 2017	<u>38,094</u>	<u>657</u>	<u>33</u>	<u>38,784</u>

Net book value of land and buildings consist of:

	2017	2016
	<i>£'000</i>	<i>£'000</i>
Long leasehold	40,165	37,214
Short leasehold	832	880
	<u>40,997</u>	<u>38,094</u>

15. Debtors

	2017	2016
	<i>£'000</i>	<i>£'000</i>
Other debtors and prepayments	832	1,045
Accrued interest income	6	5
	<u>838</u>	<u>1,050</u>

16. Creditors: amounts falling due within one year

	2017	2016
	<i>£'000</i>	<i>£'000</i>
Accruals	283	199
Other creditors	227	308
Deferred income	249	150
	<u>759</u>	<u>657</u>

Notes to the financial statements

at 31 December 2017

17. Fund balance

The company is limited by guarantee. Accordingly, no share capital account is presented.

	<i>Fixed assets</i>	<i>Unrestricted designated funds</i>	<i>Restricted funds</i>	<i>Total</i>
<i>Total funds</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 January 2017	38,784	1,776	8,990	49,550
Incoming resources	4,525	15,135	1,044	12,943
Resources expended	0	(7,592)	(7,947)	(16,842)
Depreciation	(1,303)	0	0	0
At 31 December 2017	<u>42,006</u>	<u>9,319</u>	<u>2,087</u>	<u>53,412</u>

The unrestricted designated fund includes the following balances; £1,938,681 which represents four months operating costs for the Charity (excluding depreciation), committed project costs at Edinburgh Hospital of £1,779,000, and committed project costs of £5,602,000 for the Oxford relocation programme due to start late 2018.

Restricted funds include the Scottish carrier bag levy contribution of £1,821,932 restricted for expenditure in Scotland. This amount in addition to the £1,779,000 mentioned above, will be spent on the project at The Royal Hospital for Children and Young People, Edinburgh. The Welsh carrier bag levy contribution amount of £1,285,000 has now been spent on the construction and operating costs of the newly opened Ronald McDonald Cardiff House in July 2017. The charity has also committed contractual funds for final project costs at Evelina London of £162,000 and Cardiff of £93,000. Trust income is also included within restricted funds, where £490,520 was received and spent during the year, and only £11,000 remains at year-end that will be disbursed in early 2018 in the appropriate manner.

18. Reconciliation of net income to net cash flow from operating activities

	2017	2016
	£'000	£'000
Net income for the reporting period	3,862	6,969
Depreciation charges	1,303	1,104
Interest	(20)	(32)
Loss on the disposal of fixed assets	0	2,441
Decrease in debtors	212	179
Increase/(Decrease) in creditors	102	(159)
Net cash provided by operating activities	<u>5,459</u>	<u>10,502</u>

19. Analysis of cash and cash equivalents

	2017	2016
	£'000	£'000
Cash in hand	11,327	10,372
Total cash and cash equivalents	<u>11,327</u>	<u>10,372</u>