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## **Ronald McDonald House Charities (UK)**

### **Report and Financial Statements**

31 December 2010

Registered Charity No 802047

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## Ronald McDonald House Charities (UK)

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Registered Charity No 802047

Scottish Registered Charity No SC040717

### Trustees

H C Bowring	(Chairman)
M R Mackay	(resigned 14 May 2010)
J E L Lebus	(resigned 12 May 2011)
S Fradd	
K Tomkins	
A Baxter	
S Tomlin	
D Hudaly	
J Fergus	
N Hindle	
S Kirk	
S Curran	
P Pomroy	(appointed 2 December 2010)
A Ohlring	(appointed 27 June 2011)

### Secretary

A Roberts

### Director

J Haward

### Auditors

Einst & Young LLP  
1 More London Place  
London SE1 2AF

### Bankers

Barclays Bank PLC  
1 Churchill Place  
London E14 5HP

### Registered Office

11-59 High Road  
East Finchley  
London N2 8AW

0844 840 0844

[www.rmhc.org.uk](http://www.rmhc.org.uk)

## Trustees' report

The Trustees present their report and financial statements for the year ended 31 December 2010

Ronald McDonald House Charities (UK) (RMHC) is a registered charity (number 802047) and a company limited by guarantee (number 2252337). The Charity is governed by memorandum and articles of association, which were last amended materially on 17 May 2006 to reflect the change of name from Ronald McDonald Children's Charities (RMCC).

The names of Trustees and the address of the principal office are shown on the previous page.

### Structure, governance and management

The Charity 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. This is achieved through the funding and building of Ronald McDonald Houses and Family Rooms in or close to hospitals and children's hospices. In the past the Charity has run a grant giving programme to fund small local projects initiated by local charities, schools and groups though this has now ceased.

The board has given full consideration to the Charity Commission's guidance on public benefit and the Trustees are confident that the Charity continues to fulfil the objectives of the Charity referred to in the preceding paragraph.

The board is made up of a group of Trustees, headed by an elected Chairman. Potential Trustees are identified through personal contact and the relevance of their skills to the Charity. Following interview and due process, they are elected to the Trustee board 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 an understanding of the Charity's strategic objectives, their legal responsibilities, and visits to the Houses.

Trustees serve on one or more of three subcommittees according to their particular area of expertise and experience so as to aid the decision-making process. These groups meet at least four times a year and report on a quarterly basis to the full board for ratification and approval. In addition, the full Trustee board and senior staff usually meet once a year to focus solely on strategic issues. All financial expenditure has to be approved by the Trustees through set budgets, and the Finance and Governance subcommittee monitors all financial matters.

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.

RMHC is a licensed chapter of a global network of charities. However, it operates completely independently of this network, but works towards similar charitable aims and objectives.

Of the 14 Ronald McDonald Houses operating in the UK at the end of 2010, four were established as independent charities. They were originally funded in whole or in part, through grants from RMCC, now RMHC. The Charity continues to work in partnership with these houses. The main aim of the Charity is to open more houses to provide family accommodation at hospitals around the UK.

The Charity maintains a Risk Register, as a live document, which is reviewed quarterly at board meetings, and all risks noted have mitigating procedures in place.

## Trustees' report

### Objectives and activities, achievements and performance

The Charity's aims are defined through a five-year Strategic Plan introduced in March 2007 after lengthy consultation with the Charity's main stakeholders. The vision is that families should be able to stay close to their children in hospital, by having access to a caring and supportive 'home away from home', and the mission to ensure we have sufficient funds, and expertise, to develop and sustain free accommodation at every specialist children's hospital.

Trustees identified a number of key performance indicators for the year. Successful targets included:

- Provide an assessment and strategy for managing the RM Family Rooms going forward
- Agree and implement a restructured hierarchy for the Operations Team in line with approved guidance from the Ops & Resources subcommittee
- Simplify and clarify P&L Reporting and reconciliation for the Houses
- Successfully change the Charity Logo by the end of the year
- Implement a new deposit system to bolster Collection Box Income
- Implement a premium promotion in McDonald's restaurants to generate an income level on a par with 2009.

The Charity has now provided over 400 rooms for the benefit of families whose children are sick in hospital. There are currently 14 Ronald McDonald Houses open, and 29 sets of family accommodation known as Ronald McDonald Family Rooms, which vary in size from a single room to suites of over ten rooms. However, more quality accommodation is desperately needed.

The Trustees have given approval in principle to three major projects (totalling nearly 100 rooms) not yet in build, and these should come on stream, subject local planning approval, over the next two years. Continued expansion is anticipated further in the future, and will help maintain the Charity as the largest provider of accommodation to families with children in hospitals in the UK.

### Financial review

The financial statements have been prepared in accordance with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005).

The financial position of the Charity is healthy and it is well placed to deliver the future developments planned, whilst at the same time having sufficient funds to sustain existing family accommodation.

The majority of income was donated by the general public via collection boxes located primarily in McDonald's restaurants all over the UK. Their contribution amounted to £2.65 million. This was an increase over last year of 3% – a good result that reflects a growing number of customers visiting McDonald's in 2010 and donating. In addition, targeted fundraising events provided further income, raising a total of £0.74 million net of expenses.

The Charity was once again indebted to McDonald's Restaurants Limited and their Franchisees who donated £0.75 million towards the work of the Charity, as well as Office facilities and other practical support. This donation more than covered the Charity's combined Administrative and Governance Costs, and meant that all the money donated by the Charity's supporters was used in furthering its objectives.

## Trustees' report

### Financial review (continued)

The Trustees have reviewed the expenditure and are satisfied that it supports the stated objectives. Income targets were met with the Charity achieving its budgeted Net Incoming Resources objective. As a consequence, RMHC is well positioned to honour its current pledges to future projects amounting to approximately £10.2 million. Whilst the Charity's governing documents empower Trustees to borrow money in furtherance of its objectives, it has never done so to date. However, this option is kept under review as the scale of the Charity's building programme increases in response to need.

The Trustees currently maintain all funds on cash deposit to ensure liquidity to meet the Charity's obligations and ongoing commitments notwithstanding broad investment powers under the governing documents.

### Going concern

The directors have concluded that it is appropriate to prepare financial statements on a going concern basis.

### Trustees

The Trustees who served during the year and since the year end, and all of whom are members, are shown on page 1.

### Trustees' statement as to disclosure of information to auditors

The Trustees who were members of the board at the time of approving the Trustees' report are listed on page 1. Having made enquiries of fellow Trustees and of the Charity's auditors, each of these Trustees confirms that:

- To the best of their knowledge and belief, there is no information (that is, information needed by the Charity's auditors in connection with preparing their report) of which the Charity's auditors are unaware, and
- They have taken all the steps a trustee might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Charity's auditors are aware of that information.

### Statement of Trustees' responsibilities in respect of the financial statements

The Charity's financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 'Accounting by Charities' issued in 2005, and with applicable accounting standards in the United Kingdom.

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. In preparing those 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, and
- prepare the financial statements on the going concern basis as it is considered appropriate to presume that the charity will continue in operation.

## Trustees' report

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Charity's transactions and which disclose with reasonable accuracy at any time the financial position of the Charity and to 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.

Approved by the Trustees and signed on their behalf by



Trustee  
JEFF FERGUS

*16/8* August 2011

# **Independent auditors' report**

**to the members of Ronald McDonald House Charities (UK)**

We have audited the financial statements of Ronald McDonald House Charities (UK) for the year ended 31 December 2010 which comprise the Statement of Financial Activities, the Statement of Total Recognised Gains and Losses, the Balance Sheet and related notes 1 to 19. 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).

This report is made solely to the company's members, as a body, in accordance with our appointment under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 4, the Trustees (who are also the directors of Ronald McDonald House Charities for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

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 2010 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

## **Independent auditors' report**

to the members of Ronald McDonald House Charities (UK)

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

### **Matters on which we are required to report by exception**

- ▶ We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion
- ▶ 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, or
- ▶ the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime

*Ernst & Young LLP*

Julie Carlyle (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
London

17 August 2011



## Statement of financial activities

for the year ended 31 December 2010

		<i>Unrestricted funds 2010 £</i>	<i>Restricted funds 2010 £</i>	<i>Total funds 2010 £</i>	<i>Total funds 2009 £</i>
	<i>Notes</i>				
<b>Incoming resources</b>					
Incoming resources from generated funds.					
Voluntary income	3	4,598,434	–	4,598,434	4,228,475
Activities for generating funds	4	1,152,314	–	1,152,314	946,203
Grant income	5	–	200,000	200,000	–
Investment income	6	130,153	–	130,153	385,608
<b>Total incoming resources</b>		<b>5,880,901</b>	<b>200,000</b>	<b>6,080,901</b>	<b>5,560,286</b>
<b>Resources expended</b>					
Cost of generating funds					
Voluntary income	7	(1,293,460)	–	(1,293,460)	(1,061,603)
Trading	8	(407,373)	–	(407,373)	(296,733)
		<b>(1,700,833)</b>	<b>–</b>	<b>(1,700,833)</b>	<b>(1,358,336)</b>
<b>Charitable activities</b>					
RM House running costs	9	(1,078,785)	(200,000)	(1,278,785)	(765,636)
Grants paid	10	(107,500)	–	(107,500)	(100,000)
		<b>(1,186,285)</b>	<b>(200,000)</b>	<b>(1,386,285)</b>	<b>(865,636)</b>
<b>Governance costs</b>					
	11	(372,375)	–	(372,375)	(301,763)
<b>Total resources expended</b>		<b>(3,259,493)</b>	<b>(200,000)</b>	<b>(3,459,493)</b>	<b>(2,525,735)</b>
<b>Net incoming resources before transfers</b>		<b>2,621,408</b>	<b>–</b>	<b>2,621,408</b>	<b>3,034,551</b>
Fund balance brought forward		16,604,052	–	16,604,052	13,569,501
<b>Fund balance carried forward</b>		<b>19,225,460</b>	<b>–</b>	<b>19,225,460</b>	<b>16,604,052</b>

## Statement of total recognised gains and losses

for the year ended 31 December 2010

There are no recognised gains or losses other than the net incoming resources of £2,621,408 for the year ended 31 December 2010 (2009 – £nil)

## Ronald McDonald House Charities (UK)

### Balance sheet

at 31 December 2010

	Notes	2010 £	2009 £
<b>Fixed assets</b>			
Tangible assets	15	10,034,763	9,894,629
<b>Current assets</b>			
Debtors	16	675,967	170,009
Cash at bank and in hand		9,023,323	7,542,416
		9,699,290	7,712,425
<b>Creditors: amounts falling due within one year</b>	17	(508,593)	(1,003,002)
<b>Net current assets</b>		9,190,697	6,709,423
<b>Net assets</b>		19,225,460	16,604,052
<b>Unrestricted funds:</b>			
Designated funds	18	7,415,000	7,415,000
General funds	18	11,810,460	9,189,052
		19,225,460	16,604,052

Approved by the Trustees, and signed on their behalf by



Trustee  
JEFF FERGUS

16th August 2011

## Notes to the financial statements

at 31 December 2010

### 1. Accounting policies

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards in the United Kingdom, the Charities Act 1993 and the revised Statement of Recommended Practice issued in March 2005 (the 'SORP') for the accounting and reporting of Charities

#### *Income*

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

#### *Donations*

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

#### *Grants*

Grants are accounted for on an accruals basis

#### *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 company

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	–	unexpired portion of the lease
Fixtures and fittings	–	ten years
Motor vehicles	–	ten 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, auditors' remuneration and bank and legal charges

#### *Funds*

Designated funds are monies on reserve that the Charity has identified against specific projects that are close to fruition, yet subject to contract

Details of the nature and purpose of each fund are set out in note 18

#### *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

### 2. Statement of cash flows

A statement of cash flows has not been prepared as the Charity has relied upon the small company exemption, as outlined in FRS 1

## Notes to the financial statements

at 31 December 2010

### 3. Voluntary income

	2010	2009
	£	£
McDonald's Restaurants Limited	380,211	371,062
McDonald's Restaurants Franchisees	367,302	307,940
Collection boxes	2,654,398	2,576,990
Three Peaks Challenge	67,465	57,225
Overseas Challenge	110,520	13,464
General donations	141,400	44,450
IDH (Integrated Dental Holding)	43	18,467
Marketing and Communications	50,000	—
RMH Brighton	38,429	21,795
RMH Camberwell	28,058	21,596
RMH Tooting	35,959	25,380
RMH Oxford	159,822	131,874
RMH Manchester	206,934	91,525
RMH Birmingham	313,358	316,931
RMH Moorfields	6,427	45,386
RMH Arrowe Park	38,108	149,375
RMH Ashford	—	34,297
RMH Birmingham Women's	—	718
	<u>4,598,434</u>	<u>4,228,475</u>

### 4. Activities for generating funds

	2010	2009
	£	£
Black Tie Dinner	357,402	220,310
Golf Tournament	364,377	258,061
Merchandise sales and keyrings	428,760	454,059
ARMS	1,775	13,773
	<u>1,152,314</u>	<u>946,203</u>

## Notes to the financial statements

at 31 December 2010

### 5. Grants receivable

	2010	2009
	£	£
Department of Health Grant RMH Birmingham	150,000	—
Department of Health Grant RMH Camberwell	50,000	—
	<u>200,000</u>	<u>—</u>

### 6. Investment income

	2010	2009
	£	£
Interest receivable	130,153	385,608
	<u>130,153</u>	<u>385,608</u>

### 7. Costs of generating income: voluntary income

	2010	2009
	£	£
Collection boxes	442,522	176,628
Three Peaks Challenge	14,044	9,047
Overseas Challenge	44,710	2,228
General donations	15,222	177,946
Marketing and communications	338,084	293,861
Fundraising salaries	438,878	401,290
IDH (Integrated Dental Holding)	—	603
	<u>1,293,460</u>	<u>1,061,603</u>

### 8. Costs of generating income: trading

	2010	2009
	£	£
Black Tie Dinner	181,683	163,213
Golf Tournament	156,488	133,496
Merchandise sales and keyrings	69,164	—
ARMS	38	24
	<u>407,373</u>	<u>296,733</u>

## Notes to the financial statements

at 31 December 2010

### 9. RM House running costs

	2010 £	2009 £
RMH Brighton	97,114	79,952
RMH Camberwell	105,392	103,680
RMH Tooting	81,202	65,775
RMH Oxford	51,198	175,253
RMH Moorfields	30,596	25,281
RMH Stanmore	27,768	2,110
RMH Birmingham	714,700	209,387
RMH Norwich	23	9
RMH Manchester	84,626	36,896
RMH Ashford	36	33
RMH Arrowe Park	81,327	59,221
RMH Birmingham Women's	3,204	6,440
RMHC Salaries/Management and Admin Expenses (Van)	1,599	1,599
<b>Total RMH running costs</b>	<b>1,278,785</b>	<b>765,636</b>

These costs are comprised principally of the running costs of the Charities' accommodation residences which provide overnight accommodation for the parents of hospitalised children

### 10. Grants paid

Grants are made to charitable and medical organisations and are approved by the Trustees

	2010 £	2009 £
Ronald McDonald Houses	107,500	—
Kings College Hospital, Camberwell	—	100,000
	<b>107,500</b>	<b>100,000</b>

### 11. Governance costs

	2010 £	2009 £
Salaries	188,091	171,982
Administration	139,247	120,990
Bank and legal fees	45,037	8,791
	<b>372,375</b>	<b>301,763</b>

## Notes to the financial statements

at 31 December 2010

### 12. Trustees' remuneration

The Trustees did not receive any remuneration during the year in respect of their services to the Charity (2009 – £nil)

### 13. Staff costs

The Charity employed 20 full-time and 22 part-time workers during the year. Their salaries, social security costs and pension costs, except 3 part-time workers, are paid by McDonald's Restaurants Limited. The Charity reimbursed McDonald's Restaurants Limited £800,825 for these costs (2009 – £662,116), of which £387,187 related to staff costs for the running of the residential accommodation during the year (2009 – £277,186).

In addition, 4 full-time workers and 1 part-time worker are members of the McDonald's UK Retirement Benefit Scheme operated by McDonald's Restaurants Limited. This is a defined benefit pension scheme to which the Charity made £47,599 (2009 – £30,731) contributions. Seven workers are also part of a Stakeholders Pension scheme for which the Charity contributed £8,590 (2009 – £2,412). Further details regarding these schemes can be obtained from McDonald's Restaurants Limited financial statements. These financial statements can be obtained from 11-59 High Road, East Finchley, London N2 8AW.

### 14. Auditors' remuneration

	2010 £	2009 £
Auditors' remuneration	9,266	8,825

In 2010 and 2009, the audit fee has been borne by McDonald's Restaurants Limited

## Notes to the financial statements

at 31 December 2010

### 15. Tangible fixed assets

	<i>Leasehold improvement</i>	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
Cost				
At 1 January 2010	10,009,433	532,395	16,000	10,557,828
Additions	714,292	78,034	--	792,326
Disposals	(460,289)	--	--	(460,289)
At 31 December 2010	10,263,436	610,429	16,000	10,889,865
Depreciation				
At 1 January 2010	496,742	162,452	4,005	663,199
Provided in the year	244,236	43,288	1,463	288,987
Disposals	(97,084)	--	--	(97,084)
At 31 December 2010	643,894	205,740	5,468	855,102
Net book value				
At 31 December 2010	9,619,542	404,689	10,532	10,034,763
At 1 January 2010	9,512,691	369,943	11,995	9,894,629

### 16. Debtors

	2010	2009
	£	£
Other debtors and prepayments	579,867	85,572
Accrued interest income	96,100	84,437
	675,967	170,009

### 17. Creditors: amounts falling due within one year

	2010	2009
	£	£
Trade creditors	2,068	18,913
Accruals	196,625	727,541
Other creditors	43,000	256,548
Deferred grant income	266,900	--
	508,593	1,003,002



## Notes to the financial statements

at 31 December 2010

### 18. Fund balance

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

	<i>General fund</i>	<i>Designated funds</i>	<i>Total</i>
	£	£	£
<b>Unrestricted funds</b>			
At 1 January 2010	9,189,052	7,415,000	16,604,052
Movement in funds for year	2,621,408	—	2,621,408
At 31 December 2010	<u>11,810,460</u>	<u>7,415,000</u>	<u>19,225,460</u>

The designated funds are for the construction of a new 60-room house at Royal Manchester Children's Hospital.

The general fund is held to meet intended pledges.

### 19. Related party transactions

During the year, the company entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and trading balances outstanding at 31 December 2010, are as listed below. The company:

- received fees of £367,302 from McDonald's Marketing Co-operative Limited (2009 – £307,940). At the balance sheet date the amount outstanding was £35,431 (2009 – £31,402),
- received fees of £380,211 from McDonald's Restaurants Limited (2009 – £371,062). At the balance sheet date the amount outstanding was £96,689 (2009 – amount owed to McDonald's Restaurants Limited – £6,343).