

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

Ronald McDonald House Charities (UK)

Report and Financial Statements

31 December 2015



Message from the Chair

Dear Supporters,

Together, we have made a huge difference to families with sick children this year. The 14 Ronald McDonald Houses across the UK – three of which are run by independent local charities with whom we partner closely – were able to help 7,757 families stay close to their children in hospital. This is a remarkable achievement made possible by the generosity and dedication of our fantastic supporters and staff.

As the NHS moves to improve its medical treatment of seriously ill children by developing centres of excellence, in the future we shall see more and more children being taken to specialist hospitals further from home for treatment. This means that over the next few years, the demand for the kind of family accommodation that our Charity can provide will increase and we shall need the help of our supporters more than ever, to enable us to build new Houses at hospitals round the UK.

House Development

2015 was our first full year of operation at our brand new 53-bedroom Ronald McDonald House in Southampton, built to serve the families of children receiving treatment at Southampton Children's Hospital and the Princess Anne Hospital. The House is part of University Hospital Southampton NHS Trust's plans to build a state-of-the-art facility that will bring all their children's services under one roof for the first time. Due for completion in 2020, the hospital will be a centre of excellence for children on the south coast and beyond. Each year almost 19,000 children are admitted for treatment in Southampton hospitals, and at least 2,400 families have to travel far from home so that their child can get the expert care they desperately need. The new House is making a huge difference to families who are currently unable to be accommodated near to the hospital, and who consequently spend hours on the road or spend hundreds of pounds a week on hotel bills; or, in the worst cases, simply can't visit their children at all.

We were also delighted to start work on the £13m relocation of our very first house in the UK at Guy's Hospital. The original 20 bedroom House is no longer close to the children's services which have moved to the Evelina London Children's Hospital at St Thomas' Hospital. This is the culmination of many years of searching for a suitable site, and of negotiating with interested parties close to St Thomas' Hospital. By working in partnership with both the hospital and the Guy's & St Thomas' Charity, we were very pleased finally to secure a site, next to Lambeth Palace, that is only a short walk from the hospital. The new House will be significantly larger than the original building at Guy's Hospital, and will look after 59 families per night in our latest state of the art family accommodation.

We started building in June 2015, and are currently on time and budget to open in the autumn of 2016.

Awareness

The Charity also continues to grow awareness amongst the public for the services it provides. The Trustees recognise that as we continue to grow and take on more responsibility, we will need to grow our income levels and increase awareness levels.

The Charity has had this focus for several years, culminating in 2014 and early 2015 with a television advertisement about our work. We also prioritised growing digital awareness last year, and were pleased to launch free online books that featured characters linked to our charitable purpose.

Fundraising highlights

We were fortunate to receive record levels of financial support in 2015. This included once again being chosen to be McDonald's charity of choice. The £10m 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 £880,000, before related expenditure, but they also provided us

Message from the Chair (continued)

with the opportunity to thank many of our stakeholders and celebrate their support of Ronald McDonald House Charities.

Our fastest growing income stream is money raised by the Houses on a local level in their communities. This exceeded £2.6 million in 2015, and was a welcome contribution towards the Houses' day to day running costs.

Another highlight for 2015 was a fundraising initiative in McDonald's called Make a Difference Day. Restaurants sold soft toys on behalf of the charity, and when combined with instore donations, meant that McDonald's raised £1m on our behalf in October.

I would also particularly like to recognise and thank McDonald's customers, whose donations to our collection boxes raise more than £3m each year for families with sick children in need of accommodation.

The future

The next two to three years will be an important time for Ronald McDonald House Charities. As described earlier, in 2015 we started work on the new, relocated, 59 bedroom House at the Evelina London Children's Hospital at a cost of approximately £13 million.

We are also excited to be progressing new Houses in Cardiff and Edinburgh. The Cardiff House is now under construction to provide 30 bedrooms at Noah's Ark Children's Hospital and the neonatal unit at the University Hospital of Wales.


We also have agreed to provide accommodation at the new children's hospital in Edinburgh which will open in 2018. This House has its own floor within the interior of the hospital, and will offer 26 bedrooms for families to stay close to their sick children. When the hospital opens, Ronald McDonald House Charities will take on the day to day management of the House.

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.

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 2015. 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 2015, 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 – 66 bedrooms
- Southampton University Hospital – 53 bedrooms
- Guy's and St Thomas' Hospital – 20 bedrooms
- 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
- Arrowe Park Hospital, Wirral – 7 bedrooms

The successful opening of the brand new Ronald McDonald House in Southampton was one of our principal objectives, and we were delighted to see the 53 bedroom House have a successful first year of operation.

We were also delighted to secure a partnership with the Guy's and St Thomas' Charity and the Guy's and St Thomas' Hospital Trust to start building a new 59 bedroom Ronald McDonald House close to the Evelina London Children's Hospital. This work started in June and should open in the autumn of 2016.

Another key objective for 2015 was to increase income generation for the purposes of accelerating our new-build programme and thus helping more families, and the Charity was pleased to exceed the previous year's income for the ninth year in a row. For this reason, we are delighted to now be on site at both the Evelina London Children's Hospital site, and at the University Hospital in Cardiff; this will be the first Ronald McDonald House in Wales.

We also have a working agreement with the brand new children's hospital under construction in Edinburgh. This is due to open in 2018 and we intend to provide a 26 bedroom House inside the new hospital building.

In 2015 the Trustees also identified the need to continue to adapt and strengthen our Operations structure to cope with significant recent growth in the number of Houses managed by the Charity, and the number of families supported. A review of the structure was undertaken in the second quarter of the year and additional staff were recruited as a recommended outcome.

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.

Strategic Report (continued)

Our volunteers

The Charity remain 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.

We also enjoy around 22,350 volunteer hours that help with the day to day running of the Houses. They do not offer a financial saving to our operations, but are an additional to our existing to 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.

Plans for future periods

The next two to three years will be an important time for Ronald McDonald House Charities. 2016 has seen 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 2015 the number of families accessing accommodation from Ronald McDonald Houses increased dramatically to over 7,700 families. This has risen significantly due to the opening of the new Southampton House in December 2014.

Accommodated Families 2015

	No. Families staying in 2015	Average length of stay
Arrowe Park	86	28
Birmingham	1274	15
Brighton	203	22
Camberwell	441	13
Guy's & St Thomas'	325	18
Manchester	970	19
Moorfields	251	2
Oxford	650	8
Southampton	1233	12
Tooting	123	22
TOTALS	5556	16

Figures for Independent Houses	
Alder Hey	1458
Bristol	383
Yorkhill	360
TOTALS	2201

UK TOTAL	7757
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Strategic Report (continued)

3. Financial Review

In 2015, generous supporters of families with seriously ill children in hospital donated totals of over £10m to the Charity to enable us to provide free “home away from home” accommodation, as stated in our charitable objectives, to 7,757 families in need.

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 2015 was voluntary (income given freely, not in return for goods and services), at 90% of all income; this includes donations to both Individual Houses and the National Charity and totalled £9.4m. In 2015 the second highest source of income came from ‘activities for generating funds’, comprising a gala dinner, golf event and merchandising, which in total raised £924k.

In Scotland the Charity is currently working 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 Ninewalls 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 more than £3.2 million, consistent with previous year. Considering the growth in cashless transactions the Charity is pleased to see no decline in this income stream. This reflects a growing awareness of the Charity among McDonald's customers. The Charity raised 8% of its voluntary income in 2015 through collection boxes in McDonald's Restaurants Ltd in Scotland, 4% through collection boxes in Wales and 3% 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 £2 million towards the running costs of the Houses in 2015.

Expenditure

Charitable activity costs account for 76% of voluntary income raised. 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.

Strategic Report (continued)

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 £32m. 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 25 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.

The Designated Fund includes any monies committed to future capital builds. Its current balance of £7.8 million will cover the final payments of £500,000 for Ronald McDonald House Southampton, which was completed in December 2014, and the first payments towards the new Ronald McDonald Houses at Evelina London and Cardiff. The former project will cost £13 million, has planning consent and work started on site in March 2015. The latter project has a budget of £5.5 million and a slightly longer timescale; with work also starting in 2015. The combined projects will cost the Charity in excess of £18 million. The Hospitals have committed donations totalling £2 million in total against the projects, so the remaining funds will need to be raised, alongside our annual House running costs, by the charity through 2016 and early 2017.

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 six months' running costs are prudent in this financial climate. The balance of free reserves as at 31 December 2015 was therefore £2.5 million.

4. 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. 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.

Strategic Report (continued)

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.

Responsibility for day-to-day management of Ronald McDonald House Charities is delegated to the Chief Executive with a staff team (in 2015) of 20 full-time and two 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 103 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 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 2015, 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
0844 840 0844
www.rmhc.org.uk

Strategic Report (continued)

Trustees

J Fergus (Chairman)

Dr S Fradd

S Tomlin

M Morgan

S Kirk

W Anderson

Dr A Ohrling

H Trickey

A Sirkhot

R Forte

S Hunsdale

P Hurst

Key management personnel

Chief Executive J Haward

Company Secretary A Ward

Auditor

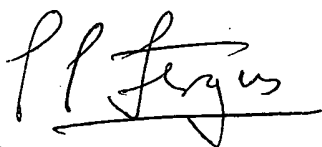
Ernst & Young LLP

1 More London

Place

London SE1 2AF

On behalf of the Trustees



Jeff Fergus,
Chairman

27 September 2016

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)

We have audited the financial statements of Ronald McDonald House Charities (UK) for the year ended 31 December 2015 which comprise the Statement of Financial Activities, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 20. 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 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 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 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 the 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 2015 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.

Independent auditor's report (continued)

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.

Ernst & Young LLP

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

29 September 2011

Statement of financial activities

for the year ended 31 December 2015

		<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total funds</i>	<i>Total funds</i>
		<i>2015</i>	<i>2015</i>	<i>2015</i>	<i>2014</i>
<i>Notes</i>		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Income:					
Donations and legacies	2	8,093	1,314	9,407	8,009
Other trading activities	3	924	0	924	952
Interest	4	67	0	67	68
Other income		0	0	0	5,219
Total income		9,084	1,314	10,398	14,248
Expenditure:					
Costs of raising funds	5	(2,379)	0	(2,379)	(2,100)
Expenditure on charitable activities	5	(3,948)	0	(3,948)	(3,285)
Total expenditure		(6,327)	0	(6,327)	(5,385)
Net income and net movement in funds for the year		2,757	1,314	4,071	8,863
Reconciliation of funds:					
Total funds brought forward		36,699	1,811	38,510	29,647
Total funds carried forward	17	39,456	3,125	42,581	38,510

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 2015

There are no recognised gains or losses other than the net incoming resources of £4,070,886 in the year ended 31 December 2015 (2014 - £8,862,930).

Balance sheet

at 31 December 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	14	32,314	28,387
Current assets			
Debtors	15	1,229	410
Cash at bank and in hand		9,854	10,187
Total current assets		11,083	10,597
Liabilities			
Creditors: amounts falling due within one year	16	(816)	(474)
Total Net Assets		42,581	38,510
The funds of the charity:			
Designated funds	17	7,769	8,674
General funds	17	34,812	29,836
		42,581	38,510

The financial statements were approved by the trustees and authorised for issue on ~~27~~ 27 September 2016.

On behalf of the Trustee



Jeff Fergus

Chairman

Statement of cash flows

for the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Cash flows from operating activities			
Net cash provided by operating activities	18	4,545	4,914
Cash flows from investing activities			
Interest		27	48
Proceeds from the sale of property, plant and equipment		0	1,157
Purchase of property, plant and equipment		(4,906)	(3,442)
Net cash used in investing activities		(4,879)	(2,237)
Cash flows from financing activities			
Net cash provided by financing activities		0	0
Change in cash and cash equivalents in the reporting period		(334)	2,677
Cash and cash equivalents at the beginning of the reporting period		10,188	7,511
Cash and cash equivalents at the end of the reporting period	19	9,854	10,188

Notes to the financial statements

at 31 December 2015

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 2015. The company transitioned to FRS102, from previously extant UK GAAP as at 1 January 2014. There has been no impact on funds at either 1 January 2014 or 31 December 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 25 years of the 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, 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 2015

2. Income from donations and legacies

	2015 £'000	2014 £'000
McDonald's Restaurants	1,138	1,206
Collection boxes	3,243	3,189
McDonald's campaign	712	370
Welsh carrier bag income	363	283
Scottish carrier bag income	415	67
General donations	368	333
House income	2,632	2,407
Grant income	536	154
Total income from donations	9,407	8,009

The income from donations was £9,406,609 (2014: £8,009,060) of which £8,092,466 was unrestricted (2014: £7,504,539) and £1,314,143 restricted (2014: £504,521).

The charity benefits from the involvement of enthusiastic support of its volunteers, details of which are given in the Trustee 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

	2015 £'000	2014 £'000
Black tie dinner	515	508
Golf tournament	371	285
Whole Hog challenge	41	34
Overseas challenge	(16)	125
Overseas apartment	9	0
Other	4	0
Total income earned from other activities	924	952

4. Interest income

	2015 £'000	2014 £'000
Interest receivable	67	68

Notes to the financial statements

at 31 December 2015

5. Analysis of expenditure

	<i>Activities undertaken directly</i> £'000	<i>Depreciation</i> £'000	<i>Support costs</i> £'000	<i>Total</i> £'000
<i>Raising funds</i>				
Donations	683	0	688	1,371
Other trading activities	465	0	543	1,008
	1,148	0	-1,231	2,379
<i>Charitable activities</i>				
RMH Arrowe Park	83	42	0	125
RMH Birmingham	622	226	0	848
RMH Brighton	149	28	0	177
RMH Camberwell	372	81	0	453
RMH Cardiff	3	8	0	11
RMH Guy's	318	60	0	378
RMH Manchester	777	199	0	976
RMH Moorfields	36	1	0	37
RMH Oxford	245	19	0	264
RMH Southampton	380	178	0	558
RMH Tooting	119	2	0	121
Total expenditure on charitable activities	3,104	844	0	3,948
TOTAL	4,252	844	1,231	6,327

Expenditure on charitable activities was £3,948,388 (2014: £3,284,532)

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.

	<i>House operations</i> £'000	<i>Total</i> £'000
Costs	(3,948)	(3,948)
Net costs relating to charitable activities	(3,948)	(3,948)
<i>Income from charitable activities</i>		
House income	2,632	2,632
Grant support	536	536
Net costs funded from other income	(780)	(780)

Notes to the financial statements

at 31 December 2015

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	688	295	983	70:30 split
Administration	0	222	222	Governance
Bank and legal fees	0	16	16	Governance
Asset write off	0	10	10	Governance
Total expenditure on charitable activities	688	543	1,231	

8. Auditor's remuneration

	2015 £'000	2014 £'000
Auditor's remuneration	12	11

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

	2015 £'000	2014 £'000
Salaries and wages	2,406	1,870
VAT	0	187
Social security costs	351	445
Pension costs	133	117
	2,890	2,619

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

	2015 No.	2014 No.
£0 to £59,999	124	105
£100,000 to £110,000	1	1
	125	106

The charity Trustees were not paid nor received any other benefit from employment with the Charity in the year (2014: £nil), neither were they reimbursed expenses during the year (2014: £nil). No charity Trustee received payment for professional or other services supplied to the charity (2014: £nil).

Notes to the financial statements

at 31 December 2015

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

The key management personnel of the charity comprise of the Chief Executive and the Head of UK Operations and Development. The total employee benefits of the key management personnel of the charity were £171,200 (2014: £162,640).

10. Staff numbers

The average monthly head count was 125 full time staff (2014: 106) and was made up as follows (includes part time):

	2015 No.	2014 No.
Support staff	22	18
Operational – salaried staff	36	37
Operational – hourly staff	67	51
	<u>125</u>	<u>106</u>

11. 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 2015, are as listed below. The company:

- The intermediary, McDonald's Marketing Co-operative Limited collected funds 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 (2014 - £2,254)
- During the year the charity received charitable donations from McDonald's Restaurants Limited, £464,279 (2014 – £442,717). Additionally, McDonald's Restaurants Limited made donations of £778,069 (2014 – £350,869) in respect of the Welsh and Scottish carrier bag levies.
- Additionally, McDonald's Restaurants incur costs on behalf of the charity which are then recharged at cost to RMHC. During the year McDonald's Restaurants Limited received £3,414,557 (2014 – £2,657,039) in recharges for costs incurred. At the balance sheet date, the amount due to / (from) RMHC was £140,622 (2014 – £86,605)).

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 Independent Trustees, and 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 2015

14. Tangible fixed assets

	<i>Land and Buildings</i> £'000	<i>Fixtures and fittings</i> £'000	<i>Motor vehicles</i> £'000	<i>Total</i> £'000
Cost:				
At 1 January 2015	30,580	958	16	31,554
Additions	4,841	65	0	4,906
Disposals	(121)	(9)	(16)	(146)
At 31 December 2015	35,300	1,014	0	36,314
Depreciation:				
At 1 January 2015	2,674	479	14	3,167
Provided in the year	765	88	0	853
Disposals	0	(6)	(14)	(20)
At 31 December 2015	3,439	561	0	4,000
Net book value:				
At 31 December 2015	31,861	453	0	32,314
At 1 January 2015	27,906	479	2	28,387

Net book value of land and buildings consist of:

	2015 £'000	2014 £'000
Freehold	-	855
Long leasehold	30,065	26,047
Short leasehold	1,796	1,003
	31,861	27,905

15. Debtors

	2015 £	2014 £
Other debtors and prepayments	1,189	369
Accrued interest income	40	41
	1,229	410

16. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Accruals	564	212
Other creditors	252	250
Deferred income	0	12
	816	474

Notes to the financial statements

at 31 December 2015

17. Fund balance

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

<i>Total funds</i>	<i>Fixed assets</i> £'000	<i>Designated funds</i> £'000	<i>General funds</i> £'000	<i>Total</i> £'000
At 1 January 2015	28,387	8,674	1,449	38,510
Incoming resources	4,760	5,303	1,049	11,112
Resources expended	(833)	(6,208)	0	(7,041)
At 31 December 2015	32,314	7,769	2,498	42,581

The General Fund includes £2,498,139 which represents six months operating costs for the Charity (excluding depreciation). Designated funds include the Welsh carrier bag levy of £646,182 restricted for expenditure in Wales and Scottish carrier bag levy of £482,756 restricted for expenditure in Scotland. The charity has also committed to projects at the Evelina London Children's Hospital at a cost of £13m and Cardiff at £5m. Remaining monies on reserve at the end of 2015 will be split between these projects.

All assets and liabilities fall into designated funds.

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

	2015 £'000	2014 £'000
Net income for the reporting period	4,071	8,863
Depreciation charges	853	917
Interest	(67)	(68)
Loss on the disposal of fixed assets	165	0
Gain on charity transfer	0	(4,157)
Increase in debtors	(819)	(139)
Increase in creditors	342	(502)
Net cash provided by operating activities	4,545	4,914

19. Analysis of cash and cash equivalents

	2015 £'000	2014 £'000
Cash in hand	9,854	10,188
Total cash and cash equivalents	9,854	10,188

20. Transition to FRS102

The Charity transitioned to FRS102, from previously extant UK GAAP as at 1 January 2014. There has been no impact on the funds of charity as either 1 January 2014 or 31 December 2014.