

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

Ronald McDonald House Charities (UK)

Report and Financial Statements

31 December 2013



Company Information

Trustees

J Fergus (Chairman)
Dr S Fradd
S Tomlin
N Hindle
S Kirk
S Curran (Resigned 24/05/2013)
P Pomroy
Dr A Ohrling
A Sirkhot
R Forte
S Hunsdale (Appointed 15/03/2013)
P Hurst

Chief Executive

J Haward

Company secretary

A Ward (formerly Roberts)

Auditors

Ernst & 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

Registered Company No. 2252337
Charity registration number 802047

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 – four of which are run by independent local charities with whom we partner closely – were able to help more than 7,000 families stay close to their children in hospital. That's 1,000 more families than in 2012 – 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 will 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

In April 2013, we started building a brand new 53-bedroom Ronald McDonald House in Southampton to serve the families of children receiving treatment at Southampton Children's Hospital and the Princess Anne Hospital. The House, which will open later in 2014, 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 will make a huge difference to families who are currently unable to be accommodated near to the hospital and their children, 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.

Reception at Downing Street

In February 2013, the Prime Minister's wife Samantha Cameron held a reception at Downing Street to recognise the important work of Ronald McDonald House Charities and to thank our supporters. More than 100 of our stakeholders, including representatives from the NHS and government, our major donors and families who have used our facilities, gathered to hear about our plans for the future and to celebrate the work we all do for families in need.

Fundraising highlights

We were fortunate to receive record levels of financial support in 2013. This included once again being chosen to be McDonald's Restaurants Ltd's charity of choice. The £9m 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 hospital 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 £500,000, but they also provided us with the opportunity to thank many of our stakeholders and celebrate their support of Ronald McDonald House Charities.

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

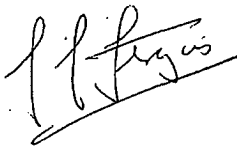
The next two to three years will be an important time for Ronald McDonald House Charities. In 2014 the Charity will celebrate its 25th birthday in the UK; we shall open the Ronald McDonald House in Southampton in summer 2014 and work will begin on our first Welsh House, in Cardiff, by the end of 2014. 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.

Message from the Chair (continued)

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 family 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 2013. Your motivation and commitment to helping families with children in hospital is truly inspiring, and I wish you all the best for 2014.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J. Fergus', written over a horizontal line.

Jeff Fergus

Chair of Ronald McDonald House Charities Board of Trustees

Strategic Report

1. 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.

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. Trustees and senior staff also meet once a year to focus solely on strategic issues. 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 2013) of 14 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 nine Ronald McDonald Houses run directly by the Charity employ a further 63 staff to carry out the Charity's objectives of providing accommodation to families with seriously ill children in hospital.

RMHC 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 2013, four 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.

2. Principal risks and uncertainties

A key risk is that our major source of income is dependent on the performance of the business of our major stakeholder McDonald's. The Board of Trustees request that work does not commence on capital build projects until sources of funding have been clearly identified. The Trustees also acknowledge that diversification of income streams is crucial to the long-term survival and growth of the Charity, and in 2013 invested in fundraising capacity for this specific purpose. The Charity's membership of a global network of Ronald McDonald House Charities also offers security in this matter, as the central governing body – Ronald McDonald House Charities Global – is closely affiliated to McDonald's internationally. 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.

Strategic Report (continued)

3. Principal objectives and activities, achievements and performance

The Charity's key objective, 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 2013, accommodation was provided in the following Houses, which are run directly by Ronald McDonald House Charities UK:

- Basildon – 3 bedrooms
- Birmingham – 60 bedrooms
- Brighton – 18 bedrooms
- London (Camberwell) – 24 bedrooms
- London (Moorfields) – 10 bedrooms
- London (Tooting) – 8 bedrooms
- Manchester – 60 bedrooms
- Oxford – 18 bedrooms
- Wirral – 7 bedrooms

In 2013 the number of families accessing accommodation from Ronald McDonald House Charities rose by 13% from 3,152 families to 3,571 families, reflecting both a burgeoning demand for accommodation at specialist children's hospitals and an increased capacity to support more families, in part due to the 60-bedroom Ronald McDonald House Manchester, which opened in 2012.

A key objective for 2013 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 seventh year in a row. For this reason we are well on the way to completing our new 53-bedroom House at Southampton General Hospital, and are delighted to announce plans to start work on a 24-bedroom House at University Hospital of Wales, Cardiff, in late 2014; this will be the first Ronald McDonald House in Wales.

Another objective for 2013 was to further raise the profile of Ronald McDonald House Charities among McDonald's customers. Research showed us that 80% of customers who donated via collection boxes in restaurants did not know to which cause their donation was going. Due to a shift towards cashless transactions, the Charity identified the need to safeguard this income stream by educating customers about the Charity to assist them to make more deliberate, rather than uninformed and random, donations. To this end, throughout 2013, we specifically targeted our awareness-raising work at one specific group of McDonald's customers – women with children. Following a national survey at year-end, we found our awareness levels among mums increased from 36% in 2012 to 42% in 2013.

For 2013 the Trustees also identified the need to adapt 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.

Strategic Report (continued)

4. Financial review

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

In 2013, generous supporters of families with seriously ill children in hospital donated a total of £9m to the Charity to enable us to provide free "home away from home" accommodation, as stated in our charitable objectives, to more than 3,500 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 2013 was voluntary, at 74% of all income; this includes donations to both Houses and national Charity and totalled £6.7m. In 2013 the second highest source of income came from 'activities for generating funds', comprising a gala dinner, golf event and merchandising, which in total raised £1.2m. The University Hospital Southampton NHS Foundation Trust acknowledged that having a House at the hospital would be a crucial part of providing an exemplary service to children and their families, and thus contributed £1 million towards the cost of the build in Southampton.

The charity has sponsored accommodation at Ninewells Hospital in Dundee, and Raigmore Hospital in Inverness and continues to work in partnership with the independently operated Ronald McDonald House in Glasgow. There was no further Scotland-based activity, although negotiations with Edinburgh Children's Hospital are ongoing.

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, an increase over last year of 2.6% which reflects a growing awareness of the Charity among McDonald's customers. The Charity raised approximately 8% of its income in 2013 through collection boxes in McDonald's Restaurants Ltd in Scotland.

The Charity was once again indebted to McDonald's Restaurants Limited and its franchisees who donated almost £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 £2m towards the running costs of the Houses in 2013.

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.

5. Reserves

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 worth £22.9m. 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. These funds are therefore listed as Designated. 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 also includes any monies committed to future capital builds. Its current balance of £5.6m reflects final payments of £4.1m for Ronald McDonald House Southampton, which is due for completion in summer 2014, and commitments towards Ronald McDonald Houses in Cardiff and London. The former project has planning consent and work will start on site in late 2014. The latter project, while approved by the Board of Trustees, has a longer timescale; in 2014 Ronald McDonald House Charities will be working with local stakeholders, including residents, to obtain public support for the project, with a view to submitting an application for planning consent by the end of 2014.

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 2013 was therefore £1.2m.

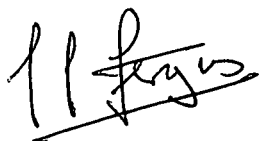
6. Future developments

A major project for 2014 will be to bring under the national umbrella the currently independent Ronald McDonald House Guy's and St Thomas', which serves the Evelina London Children's Hospital. We have identified the need for this House to be closer to the children's hospital, and to provide more accommodation for families, and we are currently working towards relocating it from its current site near the Guy's Hospital in Southwark, and building a new, expanded House near St Thomas' hospital in Westminster. The House will come under the national umbrella in 2014, but we are still in talks with local stakeholders about the relocation and expansion. Public consultations with local residents are planned for autumn 2014, and we hope to be able to submit an application for planning consent soon afterwards.

Ronald McDonald House Charities is also in very early stage talks with hospitals in Edinburgh, Nottingham and Belfast.

To finance our capital build programme, the Charity will continue to work closely with our major corporate partner McDonald's, and will also undertake various public awareness and fundraising campaigns to continue to harness the generosity of our supporters, including McDonald's customers, who donate more than £3m per annum to families in need of accommodation.

On behalf of the Trustees



27/8/14

Jeff Fergus,
Chairman

Trustees' Report

The Trustees present their report and financial statements for the year ended 31 December 2013.

Ronald McDonald House Charities (UK) (RMHC) 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. The Charity is governed by a 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, Chief Executive and Company Secretary, and the address of the principal office, are all shown on the second page

Public benefit statement

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. 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 its objectives.

Going concern

The Chief Executive and Trustees have concluded that it is appropriate to prepare the financial statements on a going concern basis after reviewing the strong balance sheet position and the expectation of future incoming resources.

Post balance sheet events

Since the balance sheet date, the Charity has submitted a 4-year historic claim on the basis of a VAT concession. HMRC have accepted this claim and are in process of refund of £942,262 in respect of VAT incorrectly charged to the Charity on payroll processing costs.

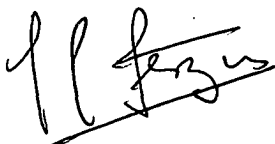
Disclosure of information to the auditors

So far as each person who was a Trustee at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Trustees and the company's auditor, each Trustee has taken all the steps that he/she is obliged to take as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditor, Ernst & Young LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the Trustees



28/8/14

Jeff Fergus,
Chairman

Statement of Trustees' responsibilities

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. 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 2013 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 2013 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.

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.

Independent auditor's report

to the members of Ronald McDonald House Charities (UK)

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

24 August 2014

Statement of financial activities

for the year ended 31 December 2013

		<i>Unrestricted funds 2013</i>	<i>Restricted funds 2013</i>	<i>Total funds 2013</i>	<i>Total funds 2012</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	3	4,543,208	163,633	4,706,841	4,636,040
House Income	3	1,927,227	-	1,927,227	1,506,487
Activities for generating funds	4	1,227,342	-	1,227,342	1,145,478
Grant income	5	-	1,143,271	1,143,271	64,500
Investment income	6	83,340	-	83,340	96,158
Total incoming resources		<u>7,781,117</u>	<u>1,306,904</u>	<u>9,088,021</u>	<u>7,448,663</u>
Resources expended					
Cost of generating funds:					
Voluntary income	7	(1,241,523)	-	(1,241,523)	(1,510,290)
Trading	8	(487,769)	-	(487,769)	(494,588)
		<u>(1,729,292)</u>	<u>-</u>	<u>(1,729,292)</u>	<u>(2,004,878)</u>
Charitable activities					
RM House running costs	9	(1,910,514)	-	(1,910,514)	(1,552,942)
Depreciation	9	(597,518)	-	(597,518)	(469,477)
		<u>(2,508,032)</u>	<u>-</u>	<u>(2,508,032)</u>	<u>(2,022,419)</u>
Governance costs	10	(592,314)	-	(592,314)	(530,836)
Total resources expended		<u>(4,829,638)</u>	<u>-</u>	<u>(4,829,638)</u>	<u>(4,558,133)</u>
Fund balance brought forward		2,951,479	1,306,904	4,258,383	2,890,531
Fund balance carried forward		<u>25,388,645</u>	<u>-</u>	<u>25,388,645</u>	<u>22,498,114</u>
	17	<u>28,340,124</u>	<u>1,306,904</u>	<u>29,647,028</u>	<u>25,388,645</u>

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2013

There are no recognised gains or losses other than the net incoming resources of £4,258,383 in the year ended 31 December 2013 (2012 – £2,890,531).

Balance sheet

at 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	14	22,861,143	19,570,370
Current assets			
Debtors	15	251,226	269,903
Cash at bank and in hand		7,510,994	5,754,954
		7,762,220	6,024,857
Creditors: amounts falling due within one year	16	(976,335)	(206,582)
Net current Assets		6,785,885	5,818,275
Net Assets		29,647,028	25,388,645
Unrestricted funds			
Designated funds	17	5,600,759	5,502,648
General funds	17	24,046,269	19,885,997
		29,647,028	25,388,645

On behalf of the Trustees



28/8/14

Jeff Fergus

Chair

Statement of cash flows

for the year ended 31 December 2013

	2013 £	2012 £
Net cash inflow from operating activities	5,639,708	3,354,821
Returns on investments and servicing of finance		
Interest receivable and similar income	137,354	133,593
Capital expenditure and financial instruments		
Payments to acquire tangible fixed assets	(4,021,022)	(6,232,916)
Increase/(Decrease)/ in cash	<u>1,756,040</u>	<u>(2,744,502)</u>

Reconciliation of net incoming resources before transfers to net cash inflow from operating activities

	2013 £	2012 £
Net incoming resources before transfers	4,258,383	2,890,531
Less interest receivable	(83,340)	(96,158)
Add back depreciation	597,518	479,381
Add back loss on disposal of a non-current asset	132,731	128,472
(Increase) in debtors	(35,337)	(8,394)
Increase in creditors	769,753	(49,011)
Net cash inflow from operating activities	<u>5,639,708</u>	<u>3,354,821</u>

Reconciliation of net cash flow to movement in net funds

	2013 £	2012 £
Net funds at 1 January	5,754,954	8,499,456
(Decrease)/increase in cash	<u>1,756,040</u>	<u>(2,744,502)</u>
Net funds at 31 December	<u>7,510,994</u>	<u>5,754,954</u>

Notes to the financial statements

at 31 December 2013

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005) published in March 2005 and applicable United Kingdom accounting standards.

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.

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 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 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 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.

Notes to the financial statements

at 31 December 2013

2. Net incoming resources before transfers

This is stated after charging:

	2013	2012
	£	£
Depreciation – owned assets	141,349	68,265
– leased assets	456,169	411,116
Loss on the routine disposal of fixed assets	<u>(132,731)</u>	<u>(128,472)</u>

3. Voluntary income

	2013	2012
	£	£
McDonald's Restaurants Limited	415,175	406,669
McDonald's Restaurants Franchisees	588,850	515,748
Collection boxes	3,242,400	3,152,920
Outdoor Challenge	19,433	16,807
Overseas challenge	(426)	64,001
General Donations	275,205	357,134
Welsh Carrier Bag Income	163,633	122,648
IDH (Integrated Dental Holding)	2,571	113
Marketing and communications	–	–
RMH Brighton	93,355	65,118
RMH Camberwell	127,296	46,999
RMH Tooting	72,587	28,691
RMH Oxford	186,404	187,554
RMH Manchester	800,396	632,971
RMH Birmingham	512,176	465,991
RMH Moorfields	22,309	12,594
RMH Arrowe Park	59,757	57,999
RMH Southampton	47,539	6,324
RMH Cardiff	5,408	0
RMH Northwick		2,221
RMH Stanmore		25
	<u>6,634,068</u>	<u>6,142,528</u>

Notes to the financial statements

at 31 December 2013

4. Activities for generating funds

	2013	2012
	£	£
Black Tie Dinner	494,156	444,934
Golf Tournament	378,333	328,876
Merchandise sales and keyrings	354,853	370,886
Alice Rowlands Memorial Society	0	781
	<u>1,227,342</u>	<u>1,145,477</u>

5. Grants receivable

	2013	2012
	£	£
British Kidney Patient Association Birmingham	47,500	37,500
RMHC Global Grant- Camberwell	63,372	–
RMH Southampton General Hospital Grant	999,999	–
British Kidney Patient Association Manchester	20,834	25,000
RMH Oxford- Oxford Craniofacial Unit Funding	11,566	–
Department of Health Grant- Arrowe Park	–	2,000
	<u>1,143,271</u>	<u>64,500</u>

6. Investment income

	2013	2012
	£	£
Interest receivable	<u>83,340</u>	<u>96,158</u>

7. Costs of generating income: voluntary income

	2013	2012
	£	£
Collection boxes	52,084	82,039
Three peaks challenge	13,181	4,954
Overseas challenge	–	39,667
General donations	32,096	59,804
Marketing and communications	523,620	762,735
Wages and Salaries	517,118	467,576
VAT on Salaries (20%)	103,424	93,515
	<u>1,241,523</u>	<u>1,510,290</u>

Notes to the financial statements

at 31 December 2013

8. Costs of generating income: trading

	2013	2012
	£	£
Black tie dinner	330,138	304,268
Golf tournament	127,768	153,206
Merchandise sales and keyrings	29,843	37,073
Alice Rowlands Memorial Society	20	41
	<u>487,769</u>	<u>494,588</u>

9. RM House running costs (Excluding Depreciation)

	2013	2012
	£	£
RMH Brighton	109,529	91,469
RMH Camberwell	288,293	105,335
RMH Tooting	89,428	82,488
RMH Oxford	206,882	165,858
RMH Moorfields	43,591	38,061
RMH Stanmore	148	326
RMH Birmingham	536,796	578,843
RMH Norwich	0	0
RMH Manchester	557,930	412,122
RMH Ashford	0	0
RMH Arrowe Park	74,815	72,232
RMH Birmingham Women's	0	0
RMH Northwick	197	6,206
RMH Southampton	2,629	2
RMH Truro	0	0
RMH Nottingham	0	0
RMH Cardiff	276	0
RMH St Thomas	0	0
RMHC salaries/management and admin expenses (Van)	0	0
Total RMH running costs	<u>1,910,514</u>	<u>1,552,942</u>

These costs are comprised exclusively of the running costs of Ronald McDonald Houses, which provide free 'home away from home' accommodation for the families of hospitalised children.

Notes to the financial statements

at 31 December 2013

Depreciation costs only

	2013 £	2012 £
RMH Brighton	27,540	27,008
RMH Camberwell	93,218	1,019
RMH Tooting	2,067	1,922
RMH Oxford	11,907	11,588
RMH Moorfields	806	791
RMH Stanmore	(11,043)	2,799
RMH Birmingham	225,162	222,872
RMH Norwich	0	21
RMH Manchester	196,230	161,652
RMH Ashford	0	33
RMH Arrowe Park	27,490	27,395
RMH Birmingham Women's	0	3,129
RMH Northwick	901	863
RMH Southampton	19,269	5,179
RMH Truro	(475)	326
RMH Nottingham	582	0
RMH Cardiff	611	0
RMH St Thomas	1463	0
RMHC salaries/management and admin expenses (Van)	1,791	2,880
Total House Costs (Including depreciation)	2,508,032	2,022,419

10. Governance costs

	2013 £	2012 £
Salaries	212,242	200,390
VAT on Salaries (20%)	53,060	40,078
Administration	181,653	147,586
Bank and Legal Fees	12,628	14,311
Asset Write Off	132,731	128,471
	592,314	530,836

Notes to the financial statements

at 31 December 2013

11. Auditors' remuneration

	2013	2012
	£	£
Auditors' remuneration	10,268	9,779

In 2013 and 2012, the audit fee has been borne by McDonald's Restaurants Limited.

12. Trustees' remuneration

The Trustees did not receive any remuneration during the year in respect of their services to the Charity (2012 – £nil).

13. Staff costs

	2013	2012
	£	£
Wages and salaries	1,485,691	1,220,133
VAT	297,138	244,026
Social security costs	403,591	122,472
Pension costs	108,218	62,296
	<u>2,294,638</u>	<u>1,648,927</u>

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

	No.	No.
Support staff	16	12
Operational	32	32
	<u>48</u>	<u>44</u>

Notes to the financial statements

at 31 December 2013

14. Tangible fixed assets

	<i>Leasehold improvement</i>	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 2013	20,455,216	751,662	16,000	21,222,878
Additions	3,869,100	151,921	0	4,021,021
Disposals	(132,731)	0	0	(132,731)
At 31 December 2013	24,191,585	903,583	16,000	25,111,168
Depreciation:				
At 1 January 2013	1,323,828	320,013	8,666	1,652,507
Provided in the year	535,092	74,206	3,212	612,510
Disposals	(14,992)	0	0	(14,992)
At 31 December 2013	1,843,928	394,219	11,878	2,250,025
Net book value:				
At 31 December 2013				
At 1 January 2013	22,347,657	509,364	4,122	22,861,143

15. Debtors

	2013	2012
	£	£
Other debtors and prepayments	229,450	194,113
Accrued interest income	21,776	75,790
	<u>251,226</u>	<u>269,903</u>

16. Creditors: amounts falling due within one year

	2013	2012
	£	£
Trade creditors		—
Accruals	892,586	142,516
Other creditors	71,749	52,066
Deferred income	12,000	12,000
	<u>976,335</u>	<u>206,582</u>

Notes to the financial statements

at 31 December 2013

17. Fund balance

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

	<i>Fixed Assets</i>	<i>Restricted funds</i>	<i>General Funds</i>	<i>Total</i>
	£	£	£	£
<i>Unrestricted funds</i>				
At 1 January 2013	19,570,370	5,502,648	315,627	25,388,645
Movement in funds for year	3,290,773	98,113	869,497	4,258,383
At 31 December 2013	<u>22,861,143</u>	<u>5,600,761</u>	<u>1,185,124</u>	<u>29,647,028</u>

The General Fund includes £1,185,124 which represents six months operating costs for the Charity (excluding depreciation). The designated fund includes the Welsh carrier bag levy of £163,663 restricted for expenditure in Wales; £4,124,422 to be spent on the remaining costs of the Southampton build; and £1,312,676 towards conversion and refurbishment of the Cardiff House on which work will begin in 2014.

18. Limitation by guarantee

The charity is limited by guarantee and as a consequence does not have share capital. The Directors of the charity are Independent Trustees. The liability of every member is limited to £1 each.

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 2013, are as listed below. The company:

- received fees of £0 from the intermediary, McDonald's Marketing Co-operative Limited (2012 – £2,254) which 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 amount outstanding was £2,254 (2012 – £2,254).
- During the year the charity received charitable donations from McDonald's Restaurants Limited, £415,175 (2012 – £406,699).

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 £2,485,249. (2012 – £1,919,951) in recharges for costs incurred. At the balance sheet date the amount due from RMHC was £55,608 (2012 – £10,925).

20. Post balance sheet events

Since the balance sheet date, the Charity has submitted a 4-year historic claim on the basis of a VAT concession. HMRC have accepted this claim and are in process of refund of £942,262 in respect of VAT incorrectly charged to the Charity on payroll processing costs.