

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

Ronald McDonald House Charities (UK)

Report and Financial Statements

31 December 2014

WEDNESDAY



L4H1A8A1

L23

30/09/2015

#54

COMPANIES HOUSE

Company Information

Trustees

J Fergus (Chairman)
Dr S Fradd
S Tomlin
N Hindle (Resigned 31/12/2014)
S Kirk
W Anderson (Appointed 31/12/14)
P Pomroy (Resigned 31/11/2014)
Dr A Ohrling
A Sirkhot
R Forte
S Hunsdale
P Hurst
H Trickey (Appointed 31/12/14)
M Morgan (Appointed 1/1/2015)

Chief Executive

J Haward

Company secretary

A Ward

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
Scotland Registered Charity No. SC040717

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 more than 6,000 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 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.

2014 marked the Charity's 25th anniversary since the very first Ronald McDonald House was established at Guy's Hospital back in 1989, and the landmark gave us the opportunity to celebrate with our many stakeholders and supporters the fine work we have achieved together over the last quarter of a century.

House Development

Throughout 2014, climaxing with a Christmas opening, we built 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 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. They consequently have to 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.

Charity Merger

One key event in 2014 was the merger between ourselves and our friends at the Evelina Family Trust in April. The Evelina Family Trust have run the independent Ronald McDonald House at Guy's Hospital since its inception 25 years ago. However, the children's services at Guy's have moved to the new Evelina Children's Hospital at the St Thomas's site, some distance across London. After many years of searching, a new site on the edge of Archbishop's Park, Lambeth, has been identified and the Evelina Family Trust asked Ronald McDonald House Charities to join together to afford both the significant relocation costs and the ongoing running costs of a new 59 bedroom Ronald McDonald House.

Television Awareness

In the latter part of 2014 the Charity was delighted that McDonald's Restaurants Ltd decided, for the first time in 25 years, to celebrate their support of Ronald McDonald House Charities by commissioning a television advertisement about the importance of our work, and their pride in supporting the Charity. The campaign was widely broadcast over a number of months, and significantly impacted awareness levels, as well as helping to increase donations.

Fundraising highlights

We were fortunate to receive record levels of financial support in 2014. The £13m 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. I would particularly like to recognise and thank McDonald's customers whose donations to our collection boxes raised more than £3m for the charity this year. We are most grateful to McDonald's Restaurants Ltd too, for once again selecting us as their charity of choice in 2014.

Our annual March Gala Dinner and our golf tournament were particular highlights for the Charity this year; not only did they raise more than £400,000, but they also provided us with the opportunity to thank many of our stakeholders and celebrate their support of Ronald McDonald House Charities.

Message from the Chair (continued)

The future

The next two to three years will be an important time for Ronald McDonald House Charities. In 2015 the Charity will start work on the new, relocated, 59 bedroom House at the Evelina London Children's hospital at cost of approximately £13 million; we also expect to be on site on our first Welsh House, in Cardiff, by the end of 2015. 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 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 2014. Your motivation and commitment to helping families with children in hospital is truly inspiring, and I wish you all the best for 2015.



Jeff Fergus

22 September 2015

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. 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 2014) of 17 full-time and one part-time office staff, including Operations, Development, Fundraising, Marketing and Communications and Administration, split between three offices in London, Salford and Sutton Coldfield. The eleven Ronald McDonald Houses run directly by the Charity employ a further 88 staff to carry out the Charity's objectives of providing accommodation to families with seriously ill children in hospital.

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 2014, 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.

2. Principal risks and uncertainties

The Trustees acknowledge that diversification of income streams is important to the long-term growth of the Charity, and in 2014 invested in fundraising capacity for this specific purpose. The Board also request that work does not commence on capital build projects until sources of funding have been clearly identified. 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 2014, accommodation was provided in the following Houses, which are run directly by Ronald McDonald House Charities UK:

Basildon University Hospital
Southampton University Hospital
Guy's and St Thomas's Hospital
Royal Alexandra Hospital (Brighton)
King's College Hospital (Camberwell)
Moorfields Eye Hospital
St George's Hospital (Tooting)
Royal Manchester Children's Hospital
John Radcliffe Hospital (Oxford)
Arrowe Park Hospital, Wirral
Birmingham Children's Hospital

In 2014 the number of families accessing accommodation from Ronald McDonald House Charities remained constant at approximately 3,500 families. This will rise significantly next year, following the December opening of the Southampton House.

The construction and opening of the brand new Ronald McDonald House in Southampton was our principal objective, and we were delighted to see the 53 bedroom House open on budget in December 2014. The project cost in excess of £7 million, and we are already enjoying looking after the families whose children are being treated at Southampton Children's Hospital.

Another key objective for 2014 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 eighth year in a row. For this reason we are delighted to now be on site at the Evelina London site, and close to signing a contract 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 in Edinburgh. This is due to open in 2017 and we intend to provide a 26 bedroom House inside the new hospital building.

Strategic Report (continued)

Principal objectives and activities, achievements and performance (continued)

Another objective for 2014 was to further raise the profile of Ronald McDonald House Charities among McDonald's customers who donate to the charity. Due to a shift towards cashless transactions, the Charity identified the need to safeguard this collection box income stream by further educating donors about the work of the Charity to assist them to make more deliberate donations. To this end, throughout the second half of 2014, we enjoyed the benefit of one of major supporters, McDonald's, agreeing to introduce their own campaign to raise awareness of their support of the work of our Charity. This built on our own previous campaigns from 2013, and consequently we have seen steady growth this year. We were delighted to find our awareness levels, across the overall population, by year end 2014, had doubled in the past two years and now stand at 37%.

In 2014 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.

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 2014, 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 2014 was voluntary, at 79% of all income, not including the one-off merger; this includes donations to both Houses and national Charity and totalled £7.8m. In 2014 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 charity merger has meant that the Evelina Family Trust gifted the existing asset of the House at Snowfields, Guy's Hospital, to our Charity at an estimated value of £3 million. The Charity also benefitted by receiving their current funds at the time of merger. This cash, over £1.1 million, is now part of our cash reserves and will be spent on the new House. Together with the value of the house this generated a gain on charity transfer of over £4.1m which is shown on the statement of financial activity.

Ronald McDonald House Charities will continue to run the Ronald McDonald House there until such time as we finish the build of the new relocated site the Evelina Children's Hospital in 2016.

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 is further Scotland-based activity, as we also have agreement with Edinburgh Children's Hospital to have a House as part of their new Hospital in 2017.

Strategic Report (continued)

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 £3.18 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 approximately 8% of its voluntary income in 2014 through collection boxes in McDonald's Restaurants Ltd in Scotland.

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 2014.

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.

Expenditure

Charitable activity costs incurred during 2014 were £3.2m. This relates to the operation of the existing houses, and the cost of fundraising therein.

Any money raised as surplus to the immediate cost of house operations will be used for the future funding of new houses.

The Trustees have reviewed all Charity expenditure and are satisfied that it is reasonable, and supports the Charity's stated objectives.

5. Reserves Policy

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

Designated Fund & tangible fixed assets

The Charity co-owns, with our partner hospitals, a portfolio of fixed assets – residential properties offered free of charge to families with seriously ill children at hospital – currently with a net book value of around £28m. 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 £8.6 million will cover the final payments of £800,000 for Ronald McDonald House Southampton, which was completed in December 2014, and the first payments towards the new Ronald McDonald Houses at the Evelina London and Cardiff. The former project will cost £13 million, has planning consent and work will start on site in March 2015. The latter project has a budget of £5.5 million and a slightly longer timescale; but we are hopeful that work will start 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 £6 million will need to be raised, alongside our annual House running costs, by the charity through 2015.

Strategic Report (continued)

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 2014 was therefore £1.4m.

On behalf of the Trustees



Jeff Fergus,

22 September 2015

Chairman

Trustees' Report

The Trustees present their report and financial statements for the year ended 31 December 2014.

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 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.

The names of Trustees, Chief Executive and Company Secretary, and the address of the principal office, are all shown on page 1.

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.

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.

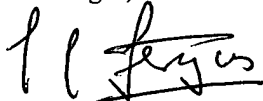
Auditor

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

On behalf of the Trustees

Jeff Fergus,

22 September 2015



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;
- 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 2014 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 trustees and 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 trustees and members those matters we are required to state 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 charitable company and the charitable company's trustees and 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 10, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 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 Strategic Report and 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:

- the charitable company has not kept proper and adequate accounting records 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

29 September 2015

Statement of financial activities

for the year ended 31 December 2014

		<i>Unrestricted funds 2014 £</i>	<i>Restricted funds 2014 £</i>	<i>Total funds 2014 £</i>	<i>Total funds 2013 £</i>
	<i>Notes</i>				
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	3	4,886,435	350,869	5,237,304	4,706,841
House Income	3	2,406,623	-	2,406,623	1,927,227
Activities for generating funds	4	1,163,415	-	1,163,415	1,227,342
Grant income	5	-	153,652	153,652	1,143,271
VAT Refund		1,061,924		1,061,924	-
Gain on Charity Transfer	6	4,157,330	-	4,157,330	-
Investment income	7	67,590		67,590	83,340
Total incoming resources		13,743,317	504,521	14,247,838	9,088,021
Resources expended					
Cost of generating funds:					
Voluntary income	8	(1,090,428)	-	(1,090,428)	(1,241,523)
Trading	9	(449,959)	-	(449,959)	(487,769)
		(1,540,387)	-	(1,540,387)	(1,729,292)
Charitable activities					
RM House running costs	10	(2,367,867)	-	(2,367,867)	(1,910,514)
Depreciation		(916,665)	-	(916,665)	(597,518)
		(3,284,532)	-	(3,284,532)	(2,508,032)
Governance costs	11	(559,989)	-	(559,989)	(592,314)
Total resources expended		(5,384,908)		(5,384,908)	(4,829,638)
		8,358,409	504,521	8,862,930	4,258,383
Fund balance brought forward		28,340,124	1,306,904	29,647,028	25,388,645
Fund balance carried forward	18	36,698,533	1,811,425	38,509,958	29,647,028

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2014

There are no recognised gains or losses other than the net incoming resources of £8,862,930 in the year ended 31 December 2014 (2013 – £4,258,383).

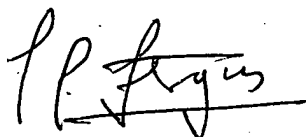
Balance sheet

at 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	15	28,386,657	22,861,143
Current assets			
Debtors	16	409,797	251,226
Cash at bank and in hand		10,187,584	7,510,994
		10,597,381	7,762,220
Creditors: amounts falling due within one year	17	(474,080)	(976,335)
Net current Assets		10,123,301	6,785,885
Net Assets		38,509,958	29,647,028
Unrestricted funds			
Designated funds	18	8,674,049	5,600,759
General funds	18	29,835,909	24,046,269
		38,509,958	29,647,028

The financial statements were approved by the trustees and authorised for issue on 22 September 2015

On behalf of the Trustees



Jeff Fergus
Chairman

Statement of cash flows

for the year ended 31 December 2014

	2014 £	2013 £
Net cash inflow from operating activities	4,913,383	5,639,708
Returns on investments and servicing of finance		
Interest receivable and similar income	48,056	137,354
Cash acquired on charity transfer	1,157,330	-
Capital expenditure and financial instruments		
Payments to acquire tangible fixed assets	(3,442,179)	(4,021,022)
Increase in cash	<u>2,676,590</u>	<u>1,756,040</u>

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

	2014 £	2013 £
Net incoming resources before transfers	8,862,930	4,258,383
Less interest receivable	(67,590)	(83,340)
Add back depreciation	916,665	597,518
Add back loss on disposal of a non-current asset	-	132,731
Less Gain on Charity Transfer	(4,157,330)	-
(Increase) in debtors	(139,037)	(35,337)
(Decrease)/increase in creditors	(502,255)	769,753
Net cash inflow from operating activities	<u>4,913,383</u>	<u>5,639,708</u>

Reconciliation of net cash flow to movement in net funds

	2014 £	2013 £
Net funds at 1 January	7,510,994	5,754,954
Increase in cash	<u>2,676,590</u>	<u>1,756,040</u>
Net funds at 31 December	<u>10,187,584</u>	<u>7,510,994</u>

Notes to the financial statements

at 31 December 2014

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 improvements	–	the lower of unexpired portion of the lease or 40 years.
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 2014

2. Net incoming resources before transfers

This is stated after charging/(crediting):

	2014 £	2013 £
Depreciation — owned assets	916,665	597,518
Loss on the routine disposal of fixed assets	-	(132,731)

3. Voluntary income

	2014 £	2013 £
McDonald's Restaurants Limited	427,751	415,175
McDonald's Restaurants Franchisees	778,563	588,850
Collection boxes	3,189,428	3,242,400
Three peaks challenge	33,757	19,433
Overseas challenge	124,690	(426)
General Donations	332,346	275,205
Welsh Carrier Bag Income	283,449	163,633
Scottish Carrier Bags	67,420	-
IDH (Integrated Dental Holding)	-	2,571
RMH Brighton	81,611	93,355
RMH Camberwell	193,120	127,296
RMH Tooting	38,379	72,587
RMH Oxford	228,487	186,404
RMH Manchester	747,364	800,396
RMH Birmingham	630,599	512,176
RMH Moorfields	76,285	22,309
RMH Arrowe Park	67,566	59,757
RMH Southampton	24,626	47,539
RMH Cardiff	221,118	5,408
RMH Guys	97,166	-
RMH Evelina London	202	-
	<u>7,643,927</u>	<u>6,634,068</u>

Notes to the financial statements

at 31 December 2014

4. Activities for generating funds

	2014 £	2013 £
Black Tie Dinner	508,037	494,156
Golf Tournament	285,450	378,333
McDonalds' Promotion	369,928	354,853
	<u>1,163,415</u>	<u>1,227,342</u>

5. Grants receivable

	2014 £	2013 £
British Kidney Patient Association Birmingham	37,072	47,500
RMHC Global Grant- Camberwell	66,659	63,372
RMH Southampton General Hospital Grant	2,304	999,999
British Kidney Patient Association Manchester	31,703	20,834
RMH Oxford- Oxford Craniofacial Unit Funding	-	11,566
British Kidney Patient Association Guy's	15,914	-
	<u>153,652</u>	<u>1,143,271</u>

6. Charity Transfer

On the 31 March 2014, the trustees of Evelina Family Trust took the decision to merge with RMHC. This took the form of a transfer of the assets, liabilities and undertaking of the charity to RMHC under a deed of transfer, to take effect on 31 March 2014. The resulting gain on transfer is £4,157,330.

7. Investment income

	2014 £	2013 £
Interest receivable	<u>67,590</u>	<u>83,340</u>

8. Costs of generating income: voluntary income

	2014 £	2013 £
Collection boxes	39,172	52,084
Whole Hog	15,781	13,181
Overseas challenge	52,434	-
General donations	9,015	32,096
Marketing and communications	299,178	523,620
Wages and Salaries	674,848	620,542
	<u>1,090,428</u>	<u>1,241,523</u>

Notes to the financial statements

at 31 December 2014

9. Costs of generating income: trading

	2014	2013
	£	£
Black tie dinner	292,121	330,138
Golf tournament	122,914	127,768
McDonalds' Promotion	33,951	29,843
Other	973	20
	<u>449,959</u>	<u>487,769</u>

10. RM House running costs

Excluding Depreciation	2014	2013
	£	£
RMH Brighton	87,706	109,529
RMH Camberwell	300,459	288,293
RMH Tooting	102,208	89,428
RMH Oxford	200,858	206,882
RMH Moorfields	37,115	43,591
RMH Birmingham	575,017	536,796
RMH Manchester	636,517	557,930
RMH Arrowe Park	86,490	74,815
RMH Southampton	125,130	2,629
RMH Nottingham	-	-
RMH Cardiff	569	276
RMH St Thomas	454	-
RMH Guys	209,344	-
RMHC salaries/management and admin expenses (Van)	6,000	-
Other	-	345
Total costs excluding depreciation	<u>2,367,867</u>	<u>1,910,514</u>

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

Notes to the financial statements

at 31 December 2014

10. RM House running costs (Continued)

Depreciation costs only

	2014 £	2013 £
RMH Brighton	27,564	27,540
RMH Camberwell	81,187	93,218
RMH Tooting	2,144	2,067
RMH Oxford	34,541	11,907
RMH Moorfields	1,447	806
RMH Birmingham	221,661	225,162
RMH Manchester	198,802	196,230
RMH Arrowe Park	97,948	27,490
RMH Northwick	892	901
RMH Southampton	133,522	19,269
RMH Nottingham	3,665	582
RMH Cardiff	4,502	611
RMH Guys	97,164	-
RMH St Thomas	9,146	1463
RMHC salaries/management and admin expenses (Van)	1,642	1,791
Central	838	(11,519)
Total depreciation	916,995	597,518
Total RM House Running Costs	3,284,532	2,508,032

11. Governance costs

	2014 £	2013 £
Salaries	289,221	265,302
Administration	244,957	181,653
Bank and Legal Fees	16,148	12,628
Asset Write Off	9,663	132,731
	559,989	592,314

12. Auditors' remuneration

	2014 £	2013 £
Auditors' remuneration	10,781	10,268

In 2014 and 2013, the audit fee has been borne by McDonald's Restaurants Limited.

Notes to the financial statements

at 31 December 2014

13. Trustees' remuneration

The Trustees did not receive any remuneration during the year in respect of their services to the Charity (2013 – £nil).

14. Staff costs

	2014	2013
	£	£
Wages and salaries	1,870,299	1,485,691
VAT	187,029	297,138
Social security costs	444,790	403,591
Pension costs	116,784	108,218
	<u>2,618,902</u>	<u>2,294,638</u>

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

	No.	No.
Support staff	18	16
Operational – Salaried Staff	37	32
Operational – Hourly Paid Staff	51	31
	<u>106</u>	<u>79</u>

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

	No.	No.
£0 to £59,999	105	78
£100,000 to £110,000	1	1
	<u>106</u>	<u>79</u>

Notes to the financial statements

at 31 December 2014

15. Tangible fixed assets

	<i>Leasehold improvement</i>	<i>Fixtures and fittings</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 2014	24,191,585	903,583	16,000	25,111,168
Additions	6,388,105	54,074	-	6,442,179
At 31 December 2014	<u>30,579,690</u>	<u>957,657</u>	<u>16,000</u>	<u>31,553,347</u>
Depreciation:				
At 1 January 2014	1,843,928	394,219	11,878	2,250,025
Provided in the year	830,357	84,667	1,641	916,665
Disposals	-	-	-	-
At 31 December 2014	<u>2,674,285</u>	<u>478,886</u>	<u>13,519</u>	<u>3,166,690</u>
Net book value:				
At 31 December 2014	<u>27,905,405</u>	<u>478,771</u>	<u>2,481</u>	<u>28,386,657</u>
At 1 January 2014	<u>22,347,657</u>	<u>509,364</u>	<u>4,122</u>	<u>22,861,143</u>

Net book value of land and buildings consists of:

	<i>2014</i>	<i>2013</i>
	£	£
Freehold	854,765	244,683
Long leasehold	26,047,324	20,998,062
Short Leasehold	<u>1,003,316</u>	<u>1,104,912</u>
	<u>27,905,405</u>	<u>22,347,657</u>

16. Debtors

	<i>2014</i>	<i>2013</i>
	£	£
Other debtors and prepayments	368,487	229,450
Accrued interest income	<u>41,310</u>	<u>21,776</u>
	<u>409,797</u>	<u>251,226</u>

Notes to the financial statements

at 31 December 2014

17. Creditors: amounts falling due within one year

	2014	2013
	£	£
Accruals	212,256	892,586
Other creditors	249,824	71,749
Deferred income	12,000	12,000
	<u>474,080</u>	<u>976,335</u>

18. Fund balance

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

<i>Funds</i>	<i>Fixed Assets</i>	<i>Designated funds</i>	<i>General Funds</i>	<i>Total</i>
	£	£	£	£
At 1 January 2014	22,861,143	5,600,761	1,185,124	29,647,028
Movement in funds for year	<u>5,525,514</u>	<u>3,073,288</u>	<u>264,128</u>	<u>8,862,930</u>
At 31 December 2014	<u>28,386,657</u>	<u>8,674,049</u>	<u>1,449,252</u>	<u>38,509,958</u>

The General Fund includes £1,449,252 which is sufficient to cover six months operating cash flow for the Charity (excluding depreciation). The designated fund includes the Welsh carrier bag levy of £283,449 restricted for expenditure in Wales and Scottish Carrier Bag Levy of £67,420 restricted for expenditure in Scotland. The charity is committed to a final payment to complete the Southampton House of approximately £800,000. 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 2014 will be split between these projects.

19. Limitation by guarantee

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

20. 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 2014, are as listed below. The company:

- received fees of £0 from the intermediary, McDonald's Marketing Co-operative Limited (2013 – Nil) 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 (2013 – £2,254).
- During the year the charity received charitable donations from McDonald's Restaurants Limited, £442,717 (2013 – £415,175).
- The charity received donations from McDonald's Restaurants Limited of £350,869 (2013 – 163,663) in respect of the Welsh and Scottish carrier bag levies.

Notes to the financial statements

at 31 December 2014

Related party transactions (Continued)

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 £2,657,039 (2013 – £2,485,249) in recharges for costs incurred. At the balance sheet date the amount due from RMHC was £86,605 (2013 – £55,608).