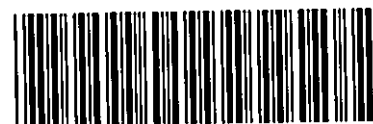


Ronald McDonald House Charities (UK)

Annual Report and Financial Statements
31 December 2019



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21/12/2020

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COMPANIES HOUSE

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REGISTERED COMPANY NO: 2252337

REGISTERED CHARITY NO. 802047

SCOTTISH REGISTERED CHARITY NO. SC040717



Ronald McDonald
House Charities
United Kingdom

Contents

Annual Report and Financial Statements of Ronald McDonald House Charities (UK)

| | |
|--|-----------|
| Message from the Chair | 3 |
| Strategic Report | 5 |
| 1. Objectives and Activities | 5 |
| Rosie's story | 8 |
| Strategic Report (continued) | 10 |
| 2. Achievement and performance | 10 |
| 3. Financial review | 10 |
| Poppy's story | 12 |
| Strategic Report (continued) | 14 |
| 4. Structure, governance and management | 14 |
| Directors' Report | 17 |
| Independent Auditor's Report | 19 |
| Statement of Financial Activities | 22 |
| Statement of total recognised gains and losses | 22 |
| Balance sheet | 23 |
| Statement of cash flows | 24 |
| Notes to the financial statements | 25 |



Message from the chair

While the Charity ended 2019 in a positive position, it is clear, at the time of signing these accounts, that the advent of Covid 19 will make 2020 a much more challenging year.

The announcement of a national lockdown in March and the government's statement of the need to protect the NHS raised many issues for the way we run our Houses, so we immediately began working closely with hospitals to determine how best we could help. I am pleased to report that many of our front-line staff continued working and kept our larger Houses open throughout the lockdown, by cooperating closely with the hospitals and introducing measures to keep everyone safe.

Even where our smaller Houses had to close, in order to protect staff and families, we supported the NHS by offering these Houses as accommodation for hospital staff.

Our families were hugely grateful for the help we provided. Having a child in hospital is distressing at the best of times, but with the fear and uncertainty of Covid 19, our support has been crucial.

In common with many other charities, we expect our income to be significantly reduced as a consequence of the lockdown but we are confident that we shall be able to continue to meet the needs of the families we support in our Houses.

The Charity ended 2019 in a strong position financially and the 11 Ronald McDonald Houses across the UK, run by our Charity, were able to help 5,757 families stay close to their children in hospital. We also made significant progress by building a new 62-bedroom Ronald McDonald House in Oxford, at a cost of £14 million. This House opened in March 2020 and replaced the old, smaller House, located in the hospital. In addition, we created another new House for NHS Lothian at its much-delayed new Children's hospital in Edinburgh, which we now expect to open in early 2021.



The average distance from a family's home to hospital is 76 miles



Average family stay was 17 days



50,000 families supported in the UK since 1989

In 2019 we celebrated our 30th anniversary year with a television campaign to thank our many supporters, and launched new digital giving capabilities in McDonald's restaurants, alongside our traditional collection boxes, in recognition of the increasing move towards a more cashless society.

The Charity can reflect proudly on our achievements and be confident that we continue to make a huge difference to families, by keeping them not only close to their seriously ill children, but together as a family unit, able to stay strong and supportive not just for their children but for their own health and well-being. Over the past 30 years, we have supported 50,000 families, a remarkable achievement made possible by the generosity and dedication of our fantastic supporters and staff.

Today, the need for family accommodation has never been greater as, for some time, the NHS has looked to improve treatment for children by developing new centres of excellence. These are specialist hospitals where highly experienced doctors ensure that children get the best possible treatments that many will desperately need. However, accessing that treatment can often mean travelling further distances and longer stays far from home.

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



Message from the chair (continued)

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 UK in 2019. Your motivation and commitment to helping families with children in hospital is truly inspiring.

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 UK in 2019. 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

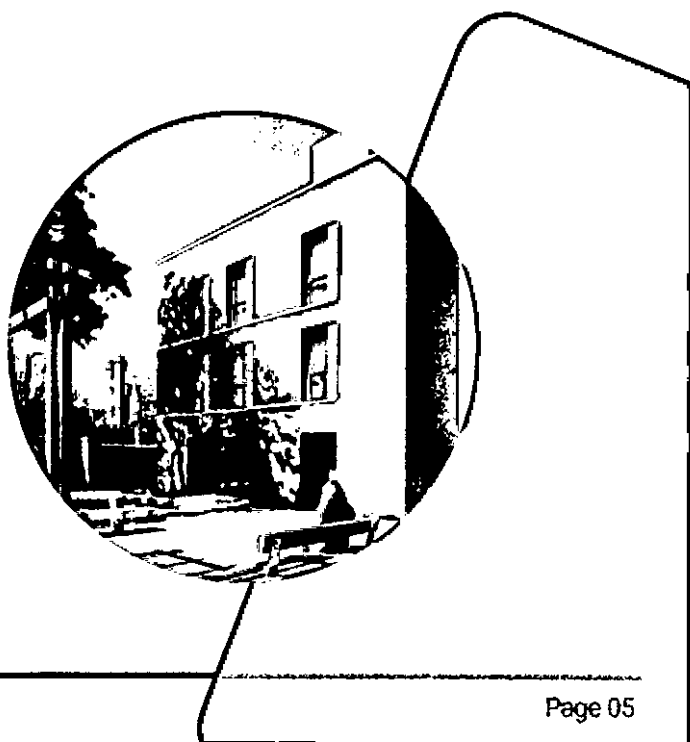
Ronald McDonald House Charities UK's key purpose, as set out in the Memorandum of Association, is to provide free 'home away from home' accommodation for families whose children are seriously ill in specialist children's hospitals in the UK. This includes both building and running Houses for this purpose.

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.

In 2019, accommodation was provided in the following Houses. These are run directly by Ronald McDonald House Charities UK in order to achieve the charity's aims and objectives.

- Birmingham Children's Hospital – 65 bedrooms
- Southampton University Hospital – 53 bedrooms
- Evelina London Children's Hospital – 59 bedrooms
- Cardiff and Vale Hospital – 30 bedrooms
- Royal Alexandra Children's Hospital and Trevor Mann Baby Unit, Brighton – 18 bedrooms
- King's College Hospital, Camberwell – 24 bedrooms
- Moorfields Eye Hospital – 9 bedrooms
- St George's Hospital, Tooting – 8 bedrooms
- Royal Manchester Children's Hospital – 65 bedrooms
- John Radcliffe Hospital, Oxford – 17 bedrooms
- Arrowe Park Hospital, Wirral – 7 bedrooms

There are three additional Ronald McDonald Houses that operate in the UK at Alder Hey in Liverpool, The Royal Hospital in Bristol and the Queen Elizabeth Hospital in Glasgow. Although these Houses were initiated and funded in part by our Charity, they have become independent local charities in their own right.



Strategic Report (continued)

Strategic Achievement

Work has been progressing on a brand new 25 bedroom Ronald McDonald House in Edinburgh in partnership with NHS Lothian. The new House will accommodate families of children being treated at the new Royal Hospital for Children and Young People, and we anticipate that the House will open with the hospital in early 2021.

The hospital has been beset by structural problems and its opening in September 2019 was postponed by NHS Lothian. The House, situated on the top floor of the new children’s hospital is complete, but we await the revised hospital opening. Once open, Scotland will now have two, relatively new, major children’s hospitals in operation, and we are very proud that both will be supported by Ronald McDonald Houses.

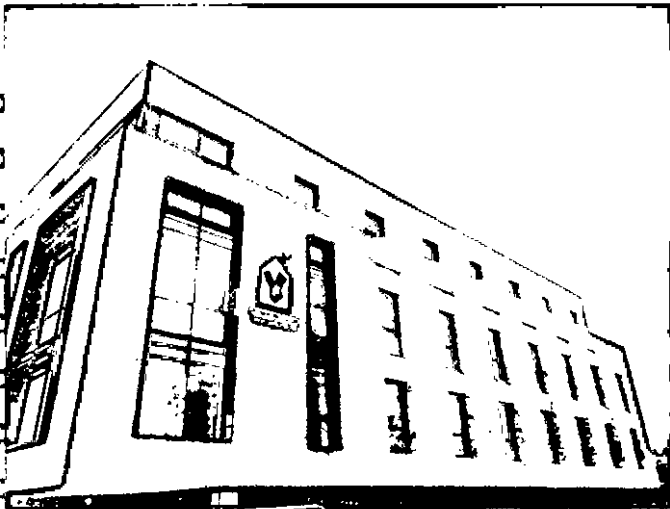
2019 also saw the Charity start work on relocating our House at the John Radcliffe Hospital in Oxford. Previously, we have provided a 17 bedroom facility on the top floor of the children’s hospital for over 10 years, but we are not able to support all the families who need us; in 2018 we were unable to accommodate 300 families who requested our support. The hospital operates one of four craniofacial units in the UK, as well as offering many other specialist services for children. As the hospital services have expanded, so too must the number of rooms we provide.

We started building a brand new, stand alone, 62 bedroom House in December 2018 and completed the works in March 2020. The House is built on hospital grounds, just minutes from the children’s wards and maternity unit. The project has cost over £14 million, and we are delighted to have secured the majority of funding from our own supporters, and the rest from the hospital charity. The project was delivered on time and on budget.

In our existing Houses we have continued to offer support to over 5,750 families through 2019. By providing 355 bedrooms we are able to accommodate up to 1,344 people every night of the year. We believe that keeping the whole family together at their time of crisis has many benefits, ranging from financial savings, to mental well-being, as well as offering strength and support to the sick child.

Our Houses are much more than just a place to stay. We offer communal facilities, moral support and a homely environment where families can escape the day to day stresses of being on the hospital wards.

In 2019 we have also developed a Day Room programme in many of our Ronald McDonald Houses. This has allowed us to help more families with children in hospital or as out-patients, refresh and recuperate, and stay strong to support their sick children.



Strategic Report (continued)

Working in partnership with the hospital wards, families are able to visit the Ronald McDonald Houses and use the kitchen facilities, lounge areas, and in some cases shower facilities, to give themselves a break from waiting for hospital appointments, outpatient care, or while they wait for accommodation to become available.

2019 saw the start of a comprehensive reinvestment programme. As the Charity grows, the existing estate needs equal investment and development, while taking into account the impact of the coronavirus pandemic. A rolling programme is being put in place for the long term.

Fundraising highlights

Our supporters are helping to make these ambitious plans a reality. We were fortunate to receive remarkable levels of financial support in 2019. The £12.8 million donated to us by our various supporters and stakeholders will enable us to build and maintain our Houses.

McDonald's facilitated income

Our annual Gala Dinner in London and Leisure Classic event in Portugal were particular highlights for the Charity this year; not only did they raise more than £1 million, before related expenditure, but they also provided us with the opportunity to thank many of our stakeholders and celebrate their support of Ronald McDonald House Charities UK. 2019 was the 30th year of operation for Ronald McDonald House Charities in the UK. It was 30 years ago that the Charity was created to build and run the very first Ronald McDonald House at Guy's Hospital.

This autumn the Charity orchestrated a campaign to celebrate our achievements over these past three decades and to thank our supporters old and new for their contributions.

We were delighted that McDonald's, in recognition of asking their customers for support over those years, also agreed to fund a television advertisement of thanks.

It profiled many of the families that have benefited from staying at our Houses and delivered a strong thanking message.

The Charity's awareness levels grew significantly during the period of this campaign to its highest ever levels. We were delighted too that McDonald's and their franchisees decided to bolster this campaign by facilitating a fundraising initiative, selling soft toys on our behalf. When combined with restaurant fundraising activity, they raised over £410,000. The biggest part of the campaign, however, was launching a permanent donation mechanic on the automated kiosks in McDonald's restaurants.

Special mention must also go to McDonald's generous customers who donated over £100,000 per week for the months leading up to the Coronavirus lockdown. Thanks, also, should go to the McDonald's franchisees who all agreed, not only to support the initiative, but to absorb all operating costs and fees.



We support families
365 days a year

Strategic Report (continued)

Additionally, McDonald's and their franchisees have generously decided to continue to donate the money raised through the statutory levy on carrier bags paid by McDonald's customers in Wales and Scotland. This has significantly boosted funds for two recent projects - our first Ronald McDonald House in Wales that opened in July 2017 and our new House to open in Edinburgh. The trustees recognise the growth of cashless transactions has given rise to the need to broaden the opportunities of cashless donations, and the Charity is working closely with McDonald's to make this possible in the future.

We really are incredibly grateful for the support we receive from this special family. All of them – staff, franchisees, suppliers and customers – make a vital difference to sick children and their families.

Whilst remaining extraordinarily grateful for the support of the McDonald's network of Employees, franchisees and Suppliers, the trustees recognise the need to encourage wider support from a multitude of sources and the charity continues to invest in fundraising expertise to achieve that ambition.

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Rosie's story



Rosie's story

Rosie was born in Brighton's Royal Alexandra Children's Hospital with Down's Syndrome as well as a hole in her heart, a condition called atrioventricular septal defect (AVSD). A complete AVSD means there is a hole across the middle of the heart. Instead of two healthy valves, there's just one flat valve which leaks.

When Rosie was born, it was clear she was a fighter. She was a healthy weight and initially her heart worked as it should. But the next few months were tough, with a bout of bronchitis followed by the flu, and later pneumonia. For the first three months of Rosie's life, Helen spent more time at the Ronald McDonald House in Brighton, than she did at her own home. At 11 weeks when Rosie's heart started to fail, the little girl was whisked away to the Evelina London Children's Hospital, where she would undergo heart surgery.

Over this period her mum, dad and older sister Sophie found their second 'home away from home' at our Evelina House. The operation was a success, and today, Rosie is a happy, healthy three-year-old. Helen said she continues to look back on her time at the House as a 'life-saver' that helped the family in their time of need. "Being able to stay at the House was a huge relief, it was breath-taking to realise the level of generosity given to help families like ours," she said.

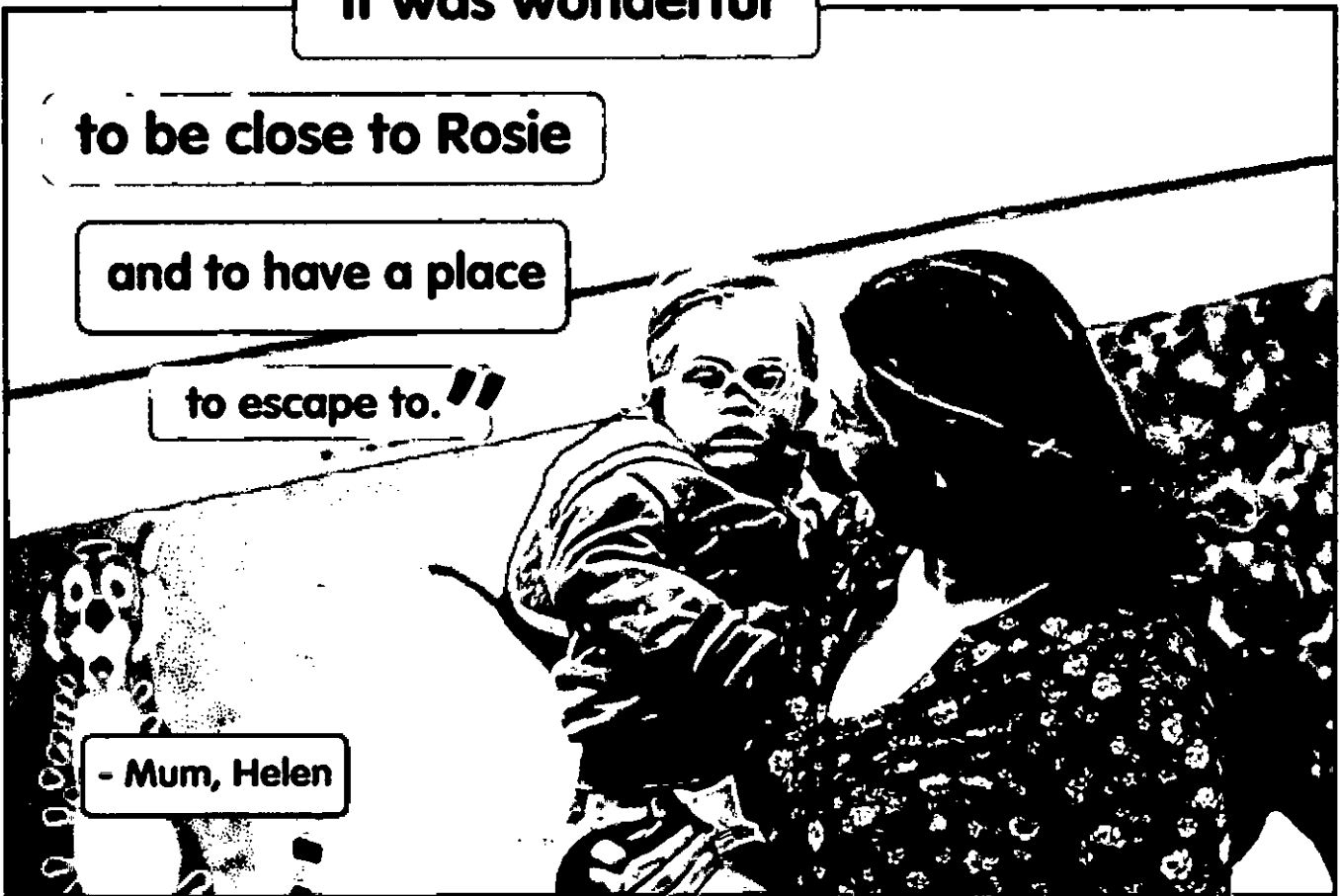
It was wonderful

to be close to Rosie

and to have a place

to escape to.

- Mum, Helen



Strategic Report (continued)

2. Achievement and performance

In 2019, the number of families accessing accommodation from Ronald McDonald Houses was over 5,750 families.

Accommodated Families in 2019

| House | Number of families | Avg length of stay (days) | Avg mileage |
|--------------------|--------------------|---------------------------|-------------|
| Total | 5,757 | 17 | 99 |
| RMH Arrowe Park | 100 | 22 | 26 |
| RMH Birmingham | 982 | 20 | 81 |
| RMH Brighton | 187 | 20 | 30 |
| RMH Camberwell | 368 | 20 | 96 |
| RMH Cardiff | 554 | 14 | 45 |
| RMH Evelina London | 988 | 17 | 108 |
| RMH Manchester | 679 | 27 | 50 |
| RMH Moorfields | 274 | 2 | 512 |
| RMH Oxford | 409 | 12 | 83 |
| RMH Southampton | 1,134 | 15 | 54 |
| RMH Tooting | 82 | 30 | 40 |

3. Financial review

In line with our charitable objectives, in 2019, generous supporters of families with seriously ill children in hospital donated totals of over £12.8 million to the Charity to enable us to provide free 'home away from home' accommodation to 5,750 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 UK in 2019 was voluntary (income given freely, not in return for goods and services), at 82% of all income, totalling £10.6 million. It was promising to witness growth continuing in the number of donations we received from trusts and foundations towards our new projects. This remains an area of opportunity, with efforts to continue this increase over the next few years.

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

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 nearly £2.5 million, 10% down on the previous year. Considering the growth in cashless transactions the Charity is pleased to note that this remains a significant amount of money being donated to the cause. In October 2019, the introduction of a new mechanism to donate in-store via McDonald's kiosks was launched. Over £1.3m was raised from McDonald's customers through this new cashless solution. McDonald's and its franchisees very kindly agreed to pay all the card transaction fees associated with the donation, which meant 100% of the donations were received by the Charity.

The Charity raised 9% of its collection box income in 2019 through collection boxes in McDonald's Restaurants Ltd in Scotland, 6% through collection boxes in Wales and 4% through collection boxes in Northern Ireland.

The Charity was once again indebted to McDonald's Restaurants Limited and its franchisees who donated nearly £1.7 million towards the work of the Charity, as well as office facilities and other in-kind support.

Expenditure

Charitable activity costs account for 60% of all expenditure. The trustees have reviewed expenditure and are satisfied that it is reasonable, and supports the Charity's stated objectives.

Reserves policy

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

Designated fund and tangible fixed assets

The Charity has 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 £52 million. These properties are restricted to serving the charitable purpose for which the Charity exists and cannot easily be converted into general funds for day-to-day use. The assets are being depreciated over 40 years to reflect the fact that ownership of the Houses will ultimately revert to the respective hospitals, as part of our contractual agreements with them.

The Designated Fund includes any monies committed to future capital builds. Its current balance of £3.3 million will go towards the contractual commitments for the relocation of the Oxford House and the new Edinburgh House. We have incurred £10.4 million of costs during the year towards the Oxford relocation project, the remaining committed costs have been set aside in restricted and designated funds.

Additional future commitments for the Edinburgh House of £3.6 million are to be paid out during Q1 2021, the balance of Scottish bag levy is expected to cover this.



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 four months' running costs are prudent in this financial climate. The balance of free reserves as at 31 December 2019 was therefore £2.6 million. It is the Charity's policy to ensure that funds sufficient to cover at least four months of operating costs (excluding depreciation) remain undesignated to provide appropriate resources to cover the Charity's day to day running costs in the event of a sudden unexpected change in the Charity's income levels. This is estimated to be £2,632,000 and therefore the unrestricted funds balance includes this amount which will not be designated to specific projects.

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"She would likely be
in the hospital for
quite some time"

- Dad, Luke



Poppy's story

Luke and Chloe's daughter Poppy was born with Gastroschisis, a condition where the intestines form outside of the abdomen. Poppy's parents were informed that after she was born, she would likely be in the hospital for quite some time requiring surgery and specialist care.

Knowing Poppy would be in the hospital for a while, we started to worry about our three-year-old Grace. We were concerned over how much time we would need to be away from her to look after Poppy.

Stepping into the House was just an utter relief! We were right upstairs from our little baby girl. We could get the rest we needed to remain strong for her, but also the communal areas meant that we could meet other families going through similar situations.

Grace was just as happy as us to be at the House and right near her sister.

All of the staff in the House care so much about the siblings and really go out of their way to include them. The House allowed us to stay a family of four instead of being split up. It was a lifeline for us.



Strategic Report (continued)

4. Structure, governance and management

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

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

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



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

The trustees have identified the need for monitoring the risk of liquidity during the Covid-19 pandemic. They have been reviewing the monthly cash flow forecasts projected until December 2021, at both their Board and Finance & Governance meetings. In conjunction with the monthly re-forecasts for 2020, 2021 budget and monthly management pack to assess the going concern position. Importantly, an operational update is also shared at the beginning of each monthly Finance & Governance meeting to discuss any issues that could prevent the Charity remaining a going concern that are not financial e.g. sickness levels in staff, the ability to keep Houses operating safely to ensure both staff and families are kept safe.

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



Strategic Report (continued)

Responsibility for day-to-day management of Ronald McDonald House Charities UK is delegated to the Chief Executive with a staff team (in 2019) of 43 including Operations, Development, Fundraising, Marketing and Communications and Administration, split between three offices in London, Salford and Sutton Coldfield and within Ronald McDonald Houses. The eleven Ronald McDonald Houses run directly by the Charity employ a further 120 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.

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 bench-marked against pay levels in other charities of a similar size whilst using pay grade ranges for all roles.

Impact of Covid-19 pandemic

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

Of the 14 Ronald McDonald Houses operating in the UK at the end of 2019, 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.

Ronald McDonald House Charities has given due consideration to the effects of the COVID-19 pandemic, which began before these financial statements were signed. The trustees view the COVID-19 pandemic as a non-adjusting post balance sheet event.

The Government's social distancing measures have had a significant impact on Ronald McDonald House Charities' major fundraising income streams as well as impacting operations within our houses. McDonald's restaurants in the UK closed in March 2020 with phased reopening beginning in June 2020.

Public donations received through the restaurants via collection boxes or through the kiosks subsequently fell to zero, as did the sales contributions from McDonald's Franchisees and McDonald's Restaurants Limited. As restaurants re-opened and adapt, these income streams have re-ignited slowly and at lower levels with sales contributions from McDonald's Franchisees and McDonald's Restaurants Limited resuming in August 2020.

In March 2020, all future in person fundraising events were cancelled with the majority not expected to resume until 2022. In part, the fall in income has been offset by the increased grant income due to the availability of new grant opportunities as a result of the pandemic with £194k of new grant income received between March and October 2020. Additionally, the Charity has made use of the government furlough scheme and expects to receive over £450k income from this scheme in 2020.

Strategic Report (continued)

The Charity has been encouraged by the partial recovery of corporate and community income streams. The Trustees have identified opportunities to defer non-critical expenditure to 2021 and beyond to ease cash flow. Planned reinvestment projects for Houses have been re-programmed to 2021, as well as a systems upgrade project due to start in 2020. The Trustees will continue to monitor and implement changes throughout 2020 and 2021 as necessary.

We cannot currently estimate the overall operational and financial impact due to the uncertainty about the breadth of impact and duration of the pandemic. The trustees do not expect the pandemic to have a significant impact on the carrying value of the Charity's fixed assets. However we will continue to assess the impact of the pandemic on the Charity's operations and financial statements.

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Directors' report

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.

Going concern

The Charity has prepared cashflow forecasts for the period through to December 2021 which take into account the expected impact of the pandemic on income and expenditure. The assessment of the Charity's ability to continue as a going concern has included performing a reverse stress test on those forecasts.

Having reviewed this information the trustees have a reasonable expectation that the Charity has adequate resources and cash reserves to continue in operational existence for the foreseeable future even if income was to fall substantially below the level it reached in 2019. After making reasonable enquiries and having considered the matters described above, the directors believe that the Charity will be able to continue to fulfil its charitable purpose, will be able to meet its liabilities as they fall due and will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the trustees continue to adopt the going concern basis in preparing the financial statements.

Additional information on the impact of COVID -19 is discussed in the strategic report for the year on page 15 and the post balance sheet event note (note 20).

Registered office

11-59 High Road
East Finchley
London N2 8AW
United Kingdom
03000 111 113
www.rmhc.org.uk

Trustees (directors)

J Fergus (Chairman)
Dr S Fradd
M Morgan
S Kirk
Dr A Ohrling
H Trickey
J Clark
A Sirkhot (stepped down on 26 November 2019)
R Mounsey
A Macrow
S Hunsdale
S Edwards (elected on 29 November 2018)
K Walker (elected on 26 September 2019)

Other key management personnel

Chief Executive J Haward
Company Secretary A Ward

Auditor

Ernst & Young LLP
1 More London Place, London SE1 2AF

Information regarding the future developments and financial risk management policies are disclosed in the Strategic Report.

Directors' Report (continued)

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.

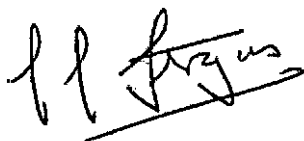
Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all steps that he or she ought to have taken as a director in order to make himself of herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with S485 of the Companies Act 2006, the auditor, Ernst & Young LLP. Is deemed to be reappointed.

On behalf of the Trustees,



Jeff Fergus,
Chairman



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RONALD MCDONALD HOUSE CHARITIES (UK)

Opinion

We have audited the financial statements of Ronald McDonald House Charities UK for the year ended 31 December 2019 which comprise the Statement of financial activities, Statement of total recognised gains and losses, Balance sheet, the statement of cash flows and related notes 1 to 20 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of Matter

We draw attention to Notes 1 and 20 of the financial statements, which describe the economic and social consequences the charity is facing as a result of COVID-19 which is impacting operations and the level of donation income. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have identified no material misstatements in the strategic report included within the trustees' report. We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) regulations 2006 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (continued)

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the charitable company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Judith Smith (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
1 More London Place, London, SE1 2AF

18 December 2020

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Statement of financial activities

for the year ended 31 December 2019

| | | Unrestricted funds 2019 £'000 | Restricted funds 2019 £'000 | Total funds 2019 £'000 | Total funds 2018 £'000 |
|--|-------|--|--------------------------------------|------------------------------|------------------------------|
| | Notes | | | | |
| Income: | | | | | |
| Donations and legacies | 2 | 8,703 | 1,898 | 10,601 | 9,857 |
| Other trading activities | 3 | 2,177 | 0 | 2,177 | 2,301 |
| Interest | 4 | 93 | 0 | 93 | 71 |
| Other income | | 0 | 0 | 0 | 1,500 |
| Total income | | 10,973 | 1,898 | 12,871 | 13,729 |
| Expenditure: | | | | | |
| Costs of raising funds | 5 | (3,747) | 0 | (3,747) | (3,329) |
| Expenditure on charitable activities | 5 | (5,097) | (540) | (5,637) | (5,176) |
| Total expenditure | | (8,844) | (540) | (9,384) | (8,505) |
| Net income and net movement in funds for the year | | | | | |
| | | 2,129 | 1,358 | 3,487 | 5,224 |
| Reconciliation of funds: | | | | | |
| Net transfer of funds | | 1,977 | (1,977) | 0 | 0 |
| Total funds brought forward | | 53,856 | 4,780 | 58,636 | 53,412 |
| Total funds carried forward | 17 | 57,962 | 4,161 | 62,123 | 58,636 |

All income and expenditure derive from continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2019

There are no recognised gains or losses other than the net incoming resources of £3,487,189 for the year ended 31 December 2019 (2018 - £5,224,386)

Balance sheet

as at 31 December 2019

| | Notes | 2019 £'000 | 2018 £'000 |
|--|-------|----------------------|----------------------|
| Fixed assets | | | |
| Tangible assets | 14 | 52,065 | 42,559 |
| Current assets | | | |
| Debtors | 15 | 1,930 | 1,024 |
| Cash at bank and in hand | 19 | 11,450 | 16,456 |
| Total current assets | | <u>13,380</u> | <u>17,480</u> |
| Liabilities | | | |
| Creditors: amounts falling due within one year | 16 | (3,322) | (1,403) |
| Total Net Assets | | <u>62,123</u> | <u>58,636</u> |
| The funds of the charity: | | | |
| Unrestricted funds | 17 | 57,962 | 53,856 |
| Restricted funds | 17 | 4,161 | 4,780 |
| | | <u>62,123</u> | <u>58,636</u> |

The financial statements were approved by the trustees and authorised for issue on 15 December 2020

On behalf of the Trustees



Jeff Fergus
Chairman

Statement of cash flows

for the year ended 31 December 2019

| | Notes | 2019 £'000 | 2018 £'000 |
|---|-------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 18 | <u>5,382</u> | <u>6,989</u> |
| Cash flows from investing activities | | | |
| Interest | | 101 | 68 |
| Purchase of property, plant and equipment | | (10,489) | (1,928) |
| Net cash used in investing activities | | <u>(10,388)</u> | <u>(1,860)</u> |
| Change in cash and cash equivalents in the reporting period | | (5,006) | 5,129 |
| Cash and cash equivalents at the beginning of the reporting period | | 16,456 | 11,327 |
| Cash and cash equivalents at the end of the reporting period | 19 | <u>11,450</u> | <u>16,456</u> |

Notes to the financial statements at ended 31 December 2019

1. Accounting policies

Going concern

The Charity has prepared cashflow forecasts for the period through to December 2021 which take into account the expected impact of the pandemic on income and expenditure. The assessment of the Charity's ability to continue as a going concern has included performing a reverse stress test on those forecasts.

Having reviewed this information the trustees have a reasonable expectation that the Charity has adequate resources and cash reserves to continue in operational existence for the foreseeable future even if income was to fall substantially below the level it reached in 2019.

After making reasonable enquiries and having considered the matters described above, the directors believe that the Charity will be able to continue to fulfil its charitable purpose, will be able to meet its liabilities as they fall due and will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the trustees continue to adopt the going concern basis in preparing the financial statements. Additional information on the impact of COVID -19 is discussed in the strategic report for the year on page 15 and the post balance sheet event note (note 20).

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 2019.

Income

Income is received by way of donations, 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 statement of financial activities 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:

| | | |
|-----------------------|---|---|
| Buildings | – | the lower of 40 years or the unexpired portion of the lease |
| Fixtures and fittings | – | ten years |
| Office equipment | – | three years |

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

Notes to the financial statements

at ended 31 December 2019

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 ended 31 December 2019

2. Income from donations and legacies

| | 2019 £'000 | 2018 £'000 |
|--------------------------------------|---------------|---------------|
| McDonald's Restaurants contributions | 1,659 | 1,506 |
| McDonald's collection boxes | 2,489 | 2,762 |
| McDonald's kiosk donations | 1,347 | 0 |
| McDonald's campaign | 410 | 449 |
| McDonald's restaurant fundraising | 775 | 998 |
| Welsh carrier bag income | 355 | 328 |
| Scottish carrier bag income | 807 | 765 |
| General donations | 292 | 196 |
| Gift aid | 141 | 155 |
| Operational income | 248 | 299 |
| Grant income | 243 | 621 |
| Corporate income | 632 | 563 |
| Community income | 709 | 843 |
| Appeal income | 494 | 372 |
| Total income from donations | 10,601 | 9,857 |

The income from donations was £10,600,698 (2018 : £9,857,844) of which £8,702,655 was unrestricted (2018 £7,771,797) and £1,898,043 restricted (2018: £2,086,048).

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

Appeal Income being income received for the 'Make Our Oxford House A Home' Appeal to fit and furnish its new 62-bedroom facility in Oxford.

Operational income is funds received in our Houses primarily consisting of key deposits given as donations, and donations towards laundry tokens.

3. Income earned from other activities

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| National gala dinner | 577 | 555 |
| Regional gala dinner | 704 | 608 |
| Regional golf tournaments | 128 | 140 |
| Regional events | 29 | 40 |
| Overseas golf tournament | 465 | 474 |
| Overseas / UK challenge | 0 | 162 |
| Overseas apartment | 12 | 9 |
| Challenge events | 182 | 152 |
| Whole Hog challenge | 0 | 92 |
| Other | 80 | 69 |
| Total income earned from other activities | 2,177 | 2,301 |

Notes to the financial statements at ended 31 December 2019

4. Interest income

| | 2019 £'000 | 2018 £'000 |
|---------------------|---------------|---------------|
| Interest receivable | 93 | 71 |

5. Analysis of expenditure

| 2019: | Activities undertaken directly £'000 | Depreciation £'000 | Support costs £'000 | Total £'000 |
|--|---|-----------------------|------------------------|----------------|
| <i>Raising funds</i> | | | | |
| Donations | 546 | 0 | 695 | 1,241 |
| Other trading activities | 943 | 0 | 1,563 | 2,506 |
| | 1,489 | 0 | 2,258 | 3,747 |
| <i>Charitable activities</i> | | | | |
| RMH Arrowe Park | 102 | 42 | 0 | 144 |
| RMH Birmingham | 521 | 237 | 0 | 758 |
| RMH Brighton | 222 | 27 | 0 | 249 |
| RMH Camberwell | 308 | 85 | 0 | 393 |
| RMH Cardiff | 346 | 180 | 0 | 526 |
| RMH Evelina | 534 | 363 | 0 | 897 |
| RMH Edinburgh | 100 | 25 | 0 | 125 |
| RMH Manchester | 530 | 209 | 0 | 739 |
| RMH Moorfields | 45 | 2 | 0 | 47 |
| RMH Oxford | 150 | 107 | 0 | 257 |
| RMH Oxford Expansion | 5 | 0 | 0 | 5 |
| RMH Southampton | 532 | 191 | 0 | 723 |
| RMH Tooting | 220 | 9 | 0 | 229 |
| Operations Team | 533 | 12 | 0 | 545 |
| Total expenditure on charitable activities | 4,148 | 1,489 | 0 | 5,637 |
| TOTAL | 5,637 | 1,489 | 2,258 | 9,384 |

Notes to the financial statements at ended 31 December 2019

5. Analysis of expenditure (continued)

| 2018: | Activities undertaken directly £'000 | Depreciation £'000 | Support costs £'000 | Total £'000 |
|---|---|-----------------------|------------------------|----------------|
| <i>Raising funds</i> | | | | |
| Donations | 493 | 0 | 696 | 1,189 |
| Other trading activities | 854 | 0 | 1,286 | 2,140 |
| | 1,347 | 0 | 1,982 | 3,329 |
| <i>Charitable activities</i> | | | | |
| RMH Arrowe Park | 98 | 43 | 0 | 141 |
| RMH Birmingham | 503 | 238 | 0 | 741 |
| RMH Brighton | 220 | 28 | 0 | 248 |
| RMH Camberwell | 320 | 84 | 0 | 404 |
| RMH Cardiff | 361 | 177 | 0 | 538 |
| RMH Guy's | 472 | 362 | 0 | 834 |
| RMH Evelina | 0 | 3 | 0 | 3 |
| RMH Manchester | 517 | 206 | 0 | 723 |
| RMH Moorfields | 41 | 2 | 0 | 43 |
| RMH Oxford | 132 | 31 | 0 | 163 |
| RMH Southampton | 457 | 190 | 0 | 647 |
| RMH Tooting | 195 | 3 | 0 | 198 |
| Operations Team | 485 | 8 | 0 | 493 |
| Total expenditure on charitable activities | 3,801 | 1,375 | 0 | 5,176 |
| TOTAL | 5,148 | 1,375 | 1,982 | 8,505 |

Expenditure on charitable activities was £5,636,688 (2018: £5,175,576)

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> | |
|--|-------------------------|----------------|
| | 2019 £'000 | 2018 £'000 |
| Costs | (5,637) | (5,176) |
| Net costs relating to charitable activities | (5,637) | (5,176) |
| <i>Income from charitable activities</i> | | |
| Operational income | 248 | 299 |
| Net costs funded from other income | (5,389) | (4,877) |

Notes to the financial statements at ended 31 December 2019

7. Analysis of governance and support costs

The trustees initially identify the costs of the charity's support functions. They then identify 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 £'000 | Governance function £'000 | Total £'000 | Basis of apportionment |
|---|-----------------------------|---------------------------------|----------------|---------------------------|
| 2019 | | | | |
| Salaries, wages and related costs | 978 | 419 | 1,397 | 70:30 split |
| Administration | 0 | 154 | 154 | Governance |
| Bank and legal fees | 0 | 12 | 12 | Governance |
| Total expenditure on charitable activities | 978 | 585 | 1,563 | |

| | General support £'000 | Governance function £'000 | Total £'000 | Basis of apportionment |
|---|-----------------------------|---------------------------------|----------------|---------------------------|
| 2018 | | | | |
| Salaries, wages and related costs | 810 | 348 | 1,158 | 70:30 split |
| Administration | 0 | 117 | 117 | Governance |
| Bank and legal fees | 0 | 11 | 11 | Governance |
| Total expenditure on charitable activities | 810 | 476 | 1,286 | |

8. Auditor's remuneration

| | 2019 £'000 | 2018 £'000 |
|------------------------|---------------|---------------|
| Auditor's remuneration | 30 | 12 |

In 2019 and 2018, the audit fee was borne by McDonald's Restaurants Limited, with the exception of £3k each year payable by RMHC.

Notes to the financial statements at ended 31 December 2019

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

| | 2019 | 2018 |
|-----------------------|--------------|--------------|
| | £'000 | £'000 |
| Salaries and wages | 3,918 | 3,591 |
| Social security costs | 389 | 345 |
| Pension costs | 275 | 230 |
| | <u>4,582</u> | <u>4,166</u> |

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

| | 2019 | 2018 |
|----------------------|------------|------------|
| | No. | No. |
| £0 to £59,999 | 157 | 156 |
| £60,000 to £69,999 | 2 | 0 |
| £80,000 to £89,999 | 3 | 3 |
| £120,000 to £129,999 | 0 | 0 |
| £150,000 to £159,999 | 0 | 1 |
| £160,000 to £170,000 | 1 | 0 |
| | <u>163</u> | <u>160</u> |

The charity trustees were not paid nor received any other benefit from the Charity in the year (2018: £nil). They were reimbursed expenses during the year of £nil (2018: £639). No charity Trustee received payment for professional or other services supplied to the Charity (2018: £nil).

The other key management personnel of the Charity's operation comprise of the Chief Executive, the Head of UK Development (who is also the Company Secretary). The total employee benefits of the other key management personnel of the Charity were £252,430 (2018: £238,191).

10. Staff numbers

The average monthly head count was 163 full time equivalent staff (2018: 160) and was made up as follows:

| | 2019 | 2018 |
|-------------------|------------|------------|
| | No. | No. |
| Support staff | 16 | 13 |
| Fundraising staff | 27 | 28 |
| Operational staff | 120 | 119 |
| | <u>163</u> | <u>160</u> |

Notes to the financial statements at ended 31 December 2019

11. Related party transactions

During the year, the Charity entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and trading balances outstanding at 31 December 2019, are as listed below.

- The intermediary, McDonald's Marketing Co-operative Limited did not collect any funds during the year from McDonald's restaurants and joint venture companies in the United Kingdom on the charity's behalf. At the balance sheet date, the amounts outstanding was £nil (2018 - £2,014)
- During the year the charity received charitable donations from McDonald's Restaurants Limited, £286,491 (2018 - £366,610). Additionally, McDonald's Restaurants Limited made donations of £268,940 (2018 - £304,935) in respect of the Welsh and Scottish carrier bag levies.
- Additionally, McDonald's Restaurants Limited incurs costs on behalf of the charity which are then recharged at cost to Ronald McDonald House Charities (UK). During the year McDonald's Restaurants Limited received £4,936,034 (2018 - £4,654,949) in recharges for costs incurred. At the balance sheet date, the amount due to McDonald's Restaurants Limited was £1,889,255 (2018 - £376,625).

12. Corporate taxation

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

13. Limited by guarantee

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

14. Tangible fixed assets

| | <i>Buildings</i> £'000 | <i>Fixtures and fittings</i> £'000 | <i>Office equipment</i> £'000 | <i>Total</i> £'000 |
|----------------------|---------------------------|---|--------------------------------------|-----------------------|
| Cost: | | | | |
| At 1 January 2019 | 48,111 | 1,726 | 77 | 49,914 |
| Additions | 10,562 | 422 | 11 | 10,995 |
| Disposals | 0 | 0 | 0 | 0 |
| At 31 December 2019 | 58,673 | 2,148 | 88 | 60,909 |
| Depreciation: | | | | |
| At 1 January 2019 | 6,484 | 828 | 43 | 7,355 |
| Provided in the year | 1,278 | 184 | 27 | 1,489 |
| Disposals | 0 | 0 | 0 | 0 |
| At 31 December 2019 | 7,762 | 1,012 | 70 | 8,844 |
| Net book value: | | | | |
| At 31 December 2019 | 50,911 | 1,136 | 18 | 52,065 |
| At 1 January 2019 | 41,627 | 898 | 34 | 42,559 |

Notes to the financial statements at ended 31 December 2019

14. Tangible fixed assets (continued)

Net book value of buildings consists of:

| | 2019 | 2018 |
|-----------------|---------------|---------------|
| | £'000 | £'000 |
| Long leasehold | 50,267 | 40,843 |
| Short leasehold | 644 | 784 |
| | <u>50,911</u> | <u>41,627</u> |

Short leasehold buildings are those with no right to renew the lease.

15. Debtors

| | 2019 | 2018 |
|-------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Other debtors and prepayments | 1,929 | 1,015 |
| Accrued interest income | 1 | 9 |
| | <u>1,930</u> | <u>1,024</u> |

16. Creditors: amounts falling due within one year

| | 2019 | 2018 |
|-----------------|--------------|--------------|
| | £'000 | £'000 |
| Accruals | 1,036 | 252 |
| Other creditors | 2,143 | 967 |
| Deferred income | 143 | 184 |
| | <u>3,322</u> | <u>1,403</u> |

17. Fund balance

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

| | Fixed assets | Unrestricted funds | Restricted funds | Total |
|---------------------|---------------|--------------------|------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| Total funds | | | | |
| At 1 January 2019 | 42,559 | 11,297 | 4,780 | 58,636 |
| Incoming resources | 10,995 | 10,973 | 1,898 | 23,866 |
| Resources expended | - | (16,373) | (2,517) | (18,890) |
| Depreciation | (1,489) | - | - | (1,489) |
| At 31 December 2019 | <u>52,065</u> | <u>5,897</u> | <u>4,161</u> | <u>62,123</u> |

Notes to the financial statements at ended 31 December 2019

17. Fund balance (continued)

The unrestricted funds includes amounts designated for project costs at The Royal Hospital for Children and Young People, Edinburgh and for the Oxford relocation programme. At year end, the Charity has designated £927,000 towards The Royal Hospital for Children and Young People, Edinburgh project and £2,338,000 towards the contractual project costs for the Oxford relocation programme that commenced in 2018.

It is the Charity's policy to ensure that funds sufficient to cover at least four months of operating costs (excluding depreciation) remain undesignated to provide appropriate resources to cover the Charity's day to day running costs in the event of a sudden unexpected change in the Charity's income levels. This is estimated to be £2,632,000 and therefore the unrestricted funds balance includes this amount which will not be designated to specific projects.

Restricted funds include the Scottish carrier bag levy of £3,294,000 restricted for expenditure in Scotland. This amount will be spent on the project at The Royal Hospital for Children and Young People, Edinburgh. The ongoing Welsh carrier bag levy now contributes to the annual operating costs of Cardiff House.

In 2018 the Charity received the first instalment from Oxford University Hospital NHS Foundation Trust of £1,500,000. This was included in the opening restricted fund balance in 2019 and has been spent on the Oxford relocation programme. During 2019, the Charity raised £494,000 from the Oxford Appeal to fund the fit out of the new relocated House. The committed contract costs for the Oxford relocation project are £14,600,000 of this the charity has incurred £11,769,000 at year end and has £2,831,000 funds set aside in restricted and designated funds at year end.

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

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Net income for the reporting period | 3,487 | 5,224 |
| Depreciation charges | 1,489 | 1,375 |
| Interest | (93) | (71) |
| (Increase) / Decrease in debtors | (914) | (183) |
| Increase in creditors | 1,413 | 644 |
| Net cash provided by operating activities | 5,382 | 6,989 |

19. Analysis of cash and cash equivalents

| | 2019 £'000 | 2018 £'000 |
|---------------------------------------|---------------|---------------|
| Cash in hand | 11,450 | 16,456 |
| Total cash and cash equivalent | 11,450 | 16,456 |

20. Post Balance Sheet Event and strategic report disclosure

Ronald McDonald House Charities has given due consideration to the effects of the COVID-19 pandemic, which began before these financial statements were signed. The trustees view the COVID-19 pandemic as a non-adjusting post balance sheet event.

The Government's social distancing measures have had a significant impact on Ronald McDonald House Charities' major fundraising income streams as well as impacting operations within our houses. McDonald's restaurants in the UK closed in March 2020 with phased reopening beginning in June 2020.

Public donations received through the restaurants via collection boxes or through the kiosks subsequently fell to zero, as did the sales contributions from McDonald's Franchisees and McDonald's Restaurants Limited. As restaurants re-opened and adapt, these income streams have re-ignited slowly and at lower levels with sales contributions from McDonald's Franchisees and McDonald's Restaurants Limited resuming in August 2020.

In March 2020, all future in person fundraising events were cancelled with the majority not expected to resume until 2022.

In part, the fall in income has been offset by the increased grant income due to the availability of new grant opportunities as a result of the pandemic with £194k of new grant income received between March and October 2020. Additionally, the charity has made use of the government furlough scheme and expects to receive over £450k income from this scheme in 2020.

The charity has been encouraged by the partial recovery of corporate and community income streams. The trustees have identified opportunities to defer non-critical expenditure to 2021 and beyond to ease cash flow. Planned reinvestment projects for Houses have been re-programmed to 2021, as well as a systems upgrade project due to start in 2020. The trustees will continue to monitor and implement changes throughout 2020 and 2021 as necessary.

We cannot currently estimate the overall operational and financial impact due to the uncertainty about the breadth of impact and duration of the pandemic. The trustees do not expect the pandemic to have a significant impact on the carrying value of the Charity's fixed assets. However we will continue to assess the impact of the pandemic on the Charity's operations and financial statements.