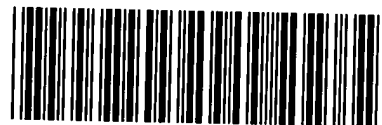


Charity Registration No. 1008765

Company Registration No. 02647684 (England and Wales)

ALDER HEY FAMILY HOUSE TRUST LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

MONDAY



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ALDER HEY FAMILY HOUSE TRUST LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr N Williams (Chair)	
	Ms C M Hart	
	Mr F R Jones	
	Ms P M Cole	
	Mr A G M Higdon	
	Mrs K H Camden	
	Ms S L Carter	
	Mr M W Blundell	(Appointed 6 June 2017)
	Mr S A Russell	(Appointed 6 June 2017)
	Mrs A P Pope	(Appointed 6 June 2017)
	Mr M J Flannagan	(Appointed 12 December 2017)
Secretary	Mr S M McGauley	(Appointed 12 December 2017)
	Mr R E Robinson	(Appointed 5 June 2018)
House Director	Ms W Carson	
Charity number	1008765	
Company number	02647684	
Principal address	Ronald McDonald House Alder Road Liverpool L12 2AZ	
Registered office	Ronald McDonald House Alder Road Liverpool L12 2AZ	
Auditor	DSG Castle Chambers 43 Castle Street Liverpool L2 9TL	

ALDER HEY FAMILY HOUSE TRUST LIMITED

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ALDER HEY FAMILY HOUSE TRUST LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2018

The trustees present their report and financial statements for the year ended 31 March 2018.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006 and "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) (effective 1 January 2015)"

Chair's Report

Together we continue to make a huge difference to families with seriously ill children, in the last year we have provided a home away from home to 1,919 families, so that they can stay close to their children whilst they are patients at Alder Hey Children's Hospital, during what can be a very difficult time for all. The average family stay was 13 nights. This fantastic achievement is only possible by the generosity, dedication and commitment of our remarkable supporters, volunteers, staff and Trustees.

Alder Hey Children's Hospital has undergone a massive transformation over recent times and continues to be at the forefront of specialist care for children, this means having the best facilities and staff. As a consequence of its leading role nationally it also means that families are now travelling further to access this amazing level of care and support for their children. Our challenge is to support the hospital on this journey by providing a comfortable place for the families to stay, leaving the hospital to focus on the children – the need for accommodation has never been greater.

I am delighted to see examples of how the team at the House have reacted to this challenge and are working closely with the medical staff at the hospital to understand their needs and work with them.

An excellent example of this in action has been the introduction of a number of pre-bookable rooms that we provide to accommodate the families and children on the evening before operations which require the family to be at the hospital very early in the morning. This change has allowed a number of children to arrive the previous day, undertake pre-operation preparation and be on site without having to contend with travel on the day of the operation.

It is only with the dedication of our House Director and her team working collaboratively with the hospital staff that we have been able to provide this innovative but simple solution that has made such a difference to these families.

The Future

As we move into our 25th anniversary year we are making plans to ensure that we are able to continue to provide the best possible support to families for the future. We are proud to be the largest Ronald McDonald affiliated House in Europe and provide 84 rooms/apartments, 365 days a year. We want to continue with this mission for a very long time.

This will be a challenge in what is a difficult environment. As a charity that is reliant upon voluntary giving as its primary income source we need to constantly change our approach to fundraising to ensure that we remain in the thoughts and minds of our donors. This work continues to be a major focus for the charity, let's not forget we can only provide the services we do from the donations that we receive.

We are also formulating plans to begin a phase of reinvestment in our accommodation and facilities to ensure that our families have a comfortable and positive experience when they stay with us.

Thank You !

We are very fortunate to have an incredible team at Alder Hey Family House Trust, everyone from employees, volunteers and Trustees who continue to work tirelessly to provide the best possible service to our families. The difference that you make is immeasurable. Thank you all so much for everything that you do to make this possible. Thank you to all our supporters who have made a contribution during the last year, we simply could not do what we do without you, please don't stop we need your help.

Neil Williams, Chair of Trustees

ALDER HEY FAMILY HOUSE TRUST LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Objectives and activities

The company is a registered charity and its trading name is Ronald McDonald House at Alder Hey Children's Hospital "the House". Its principal activity is to provide accommodation for the families of sick children, enabling them to stay together as a family unit, within a comfortable, homely environment. The House at Alder Hey, which opened on 7th May 1993, provides accommodation and family support totally free of charge, for the parents/carers of the most critically ill children who are inpatients in Alder Hey Children's NHS Foundation Trust "Alder Hey".

The House provides free accommodation for families from across the UK and from further afield in Europe. Whilst allocating rooms on a strict criterion, to ensure the parents of the most critically ill children obtain accommodation, the House operates on the basis of 'unconditional positive regard' making no judgements about ethnicity, social background, religion or sexual orientation.

The House is an independent charity and is responsible for raising all funds relating to the running and upkeep of the house, through voluntary donation. It receives no contractual income and only limited support from its project partners McDonalds Restaurants and Alder Hey Children's Hospital.

The House provides regular voluntary employment opportunities and various groups of volunteers also work on an adhoc basis within the House decorating rooms, gardening, or supporting the House with fundraising. The House in turn benefits, not only financially, with volunteers saving many of thousands of pounds in revenue costs but also by placing the House firmly in the heart of the local community.

Over the last 25 years the House has expanded from 26 rooms to 69 rooms and 15 self-contained apartments to meet the increasing demand from parents. Over that time it has accommodated over 32,000 families.

During the recent rebuild of Alder Hey Children's Hospital (Alder Hey) the House had a period of consolidation in order to see how the demand for accommodation might change. Following completion of the hospital and a period of settling in we are now discussing with Alder Hey how our services might evolve to meet the changing needs of parents.

How the activities of the House deliver Public Benefit

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charitable company should undertake. Ronald McDonald House at Alder Hey Children's Hospital "the House" is a special caring home where families of seriously ill children, receiving treatment at Alder Hey Children's Hospital "Alder Hey" can stay, without charge, for the duration of their child's stay in hospital.

A large number of children cared for at Alder Hey come from outside Liverpool, as far afield as Staffordshire, North Wales and the Isle of Man. The House provides parents accommodation for approximately 2,000 families each year. It survives purely on public donations and its service has a wide number of beneficiaries;

Children who are being treated at Alder Hey Children's Hospital

Research shows that children recover more quickly if families are nearby and involved in their care.

Parents of children being treated at Alder Hey Children's Hospital, siblings and wider family members

The House enables parents, siblings and wider family members be close to their sick child, and supports a feeling of normality in a stressful situation.

Alder Hey Children's Hospital and their staff

Alder Hey Hospital and its staff can be confident that families have somewhere to stay and can be involved in their children's care, the sharing of information helps to safeguard vulnerable children.

Volunteers

Volunteers are able to carry out their duties in safe and appreciative environment, and can be assured they are supporting sick children.

ALDER HEY FAMILY HOUSE TRUST LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

RMH staff and trustees

The organisation is supportive of staff and trustees, and is committed to being a good place to work and volunteer.

Wider partners, supporters and funders

Wider partners and supporters can be assured that they are involved in a well-run charity, and that their commitment is helping sick children. Funders can be assured that they are committing funds to a reliable and well run charity, which is meeting the needs of the children and families it serves.

Achievements and performance

Over the past 12 months the House has accommodated 1,919 (2017; 1,835) families, with an average stay being for 13 days. Some of our families stay for much longer, anything between 3 nights which is our minimum stay up to 11 years. The objective for the House is that a family is able to have a room whilst their child is an inpatient at Alder Hey Children's Hospital "Alder Hey". Occupancy remained steady at 85%.

Feedback from families remains positive, and they are always extremely grateful for the service that is offered, stating quite literally 'I don't know what I would have done without the House'.

During the year the House completed the development of a brand-new website and engaged more actively with social media, with the employment of a copywriter, to support both.

The House was nominated for best Digital media campaign, for its 25th Anniversary campaign. It was featured on BBC Northwest tonight, Liverpool Echo and BBC Merseyside in support of its 25th Birthday family event.

During the year the House developed a Pre-booked process for families travelling to Alder Hey, for early morning surgery slots.

The Board agreed to invest in a Fundraising review, to support and increase fundraising within the House.

An Evening House Assistant post was created, recognising the need for families to have contact with House staff when they return from the hospital in the evening.

The small team continued to be very focused on value for money, ensuring they receive the best service for the best price from all suppliers. Often they receive the service free of charge or the supply is greatly discounted.

Governance

In July 2017 the National Council for Voluntary Organisations "NCVO" issued its 'Governance Code for Charities'. The code is not a legal or statutory requirement and some aspects may be aspirational but as part of our goal to have the very highest standards of governance the Charity intends to use it as a tool for continuous improvement.

The code contains seven principles: Organisation purpose, Leadership, Integrity, Decision making and risk control, Board effectiveness, Diversity and Openness and accountability. The Charity has set up a working party to evaluate performance against the code and implement best practice. As part of this work all policies have been reviewed to ensure they are up to date and fit for purpose.

Trustees serve for a maximum of three years, after which time they can offer themselves for re-election. With due regard to the need to ensure Board effectiveness the Board has discussed the fact that there is currently no maximum term in office. The Board believe that it is more important to have the right skills and input/output from trustees rather than fixed terms. Whilst three of the current thirteen trustees have served more than 10 years the remaining trustee posts have changed regularly with one serving 5-10 years and nine serving under 5 years.

In addition to its scheduled quarterly meetings the Board met to consider future strategy with regard to fundraising and as a result commissioned an independent fundraising review which was completed in June 2018. Some of the decisions from this review are outlined under Plans for the Future.

ALDER HEY FAMILY HOUSE TRUST LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

House Performance and Feedback on Services

Occupancy at the House has remained steady at 85% over the last two years, which is lower than we have attained in the past. This has provided us with the opportunity to look at how we can diversify and better meet the needs of families. We now take pre-booked patients on a set criterion, if we have rooms available. This is specifically for patients and their families if they have long distance to travel and have an early morning surgery slot. This gives the family the opportunity to stay together at the House the night before, and takes the stress out of a long early morning rush hour journey to get to Alder Hey. It also allows all the pre-assessment checks to be done on the child the night before.

The House collects feedback via its evaluation process, and also takes into account comments received via Social Media. This year we have appointed a copywriter, who is working with the House to collect family case studies to capture the impact the house has on families.

Comments received, via our evaluation, can be about the House itself, others are in relation to staff and volunteers. All these comments help us to plan what we deliver to families, for example comments about the House Wi-fi availability led us to review and improve what we provide to families.

Families often comment that being able to have their other children staying at the House is an enormous benefit, siblings love staying at the House, and during school holidays we can have over 30 siblings staying with us.

Partnership with Alder Hey is key to ensuring we try to deliver all the services a family need. An example of this is the relationship developed with the hospital Psychological services, which led to a better understanding of each other's services and how we can work together to support families. Resulting from this a parent was encouraged, by the psychologists, to work with the Family Support Assistant at the House, to help prepare and deliver the weekly family meal. This helped the parent to cope with the difficulties she was facing, having a sick child, and she felt she was contributing and helping other families.

Reviewing what we deliver to families is on-going and is dependent on the changes within Alder Hey. We know, for example, that there is an increase in neo-natal patients coming to Alder Hey and this has led us to develop a good relationship with the Breastfeeding lead at Alder Hey. The House has sourced funding to increase the number of breast pumps we have within the House for mums to use. This support for mums is vital, not just in the health of their very sick babies, but in their own wellbeing and ability to give this basic care need to their child.

Working with wider partners means we are able to source food for families free of charge, this is delivered on a Friday lunchtime, and families are then able to access food for the weekend. We are also authorised to give out foodbank vouchers, this is vital for a number of families who are struggling financially with having a sick child.

There are a number of simple things that the House facilitates which just makes families feel better. For example, students from Greenbank College visit the House monthly to give a hair trim and wash and blow to parents. This gives the families permission, for a short period of time, to have some time to themselves. Families comment on how something so simple can make them feel better.

This year we said a sad goodbye to a family who had stayed with us for 8 years, their little boy sadly passed away, but during the eight years he was an inpatient, we were able to provide his mum and sisters with a one bedrooomed apartment. This enabled them to be close by to him, as he had spent most of his life living in Liverpool rather than his home in Wales. The family decided to have the funeral here in Liverpool, and we were able to support the family during these arrangements, saying goodbye to them after they had said their last goodbye to their son. This is why this House is **the House that love built**.

ALDER HEY FAMILY HOUSE TRUST LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Family Case Study

Ruby's Family came to Ronald McDonald House when Ruby was less than a day old, since that first visit the family have stayed on numerous occasions, this is Ruby's story as told by her mum, Jolene.

February 2017

"Ronald McDonald House Alder Hey has been a god-send to myself and my family. My daughter Ruby was born in August 2016, she was born 6 weeks premature and weighted 3lb 15oz. She was flown to Alder Hey by air ambulance within 24 hours of being born.

Ruby was diagnosed with Vacterl Association shortly after arriving at Alder Hey. Each letter out of the word Vacterl stands for a different congenital abnormality. Ruby has 6 out of 7. Ruby underwent her first operation within hours of arriving at Alder Hey.

Ronald McDonald House became my home for the next 8 weeks, it gave me somewhere to eat, shower, sleep and do my laundry without the added financial stress at such a worrying time. It also let me feel at ease when I wasn't at the hospital knowing I could be with Ruby within 5 minutes if needed.

Ruby is now 6 months old and has only spent 28 days at home, a month in our local hospital in the Isle of Man and the rest here in Alder Hey on different occasions.

Ronald McDonald House has enabled me to bring my mum and Ruby's 3 big brothers Jordan, Joshua and Joseph with me on occasions whilst Ruby has been in hospital

Without Ronald McDonald House, it would cost roughly £100 a night for a hotel for myself, my Mum and my 3 boys which I couldn't possible afford.

Ronald McDonald House has enabled us to have some sort of normality in our family life whilst Ruby is in hospital, which is especially important for my 3 boys, who never see me for weeks at a time. It is not only a house but a home away from home.

Ruby has had 12 operation so far with 3 more major surgeries to come in the near future. She will be under the care of Alder Hey until around the age of 21, and with part of her condition being so unpredictable it could result in lots of unexpected admissions and further operations. So, we will continue to use Ronald McDonald House throughout Ruby's childhood and into her early adult life.

Ronald McDonald House is an amazing charity run by amazing staff. I am forever grateful for the help and support they have given me over the last 6 months"

Thank you to all of Ruby's family for sharing their story, and we look forward to welcoming them back in the coming years.

Trading Company

Through RMH Alder Hey Trading Limited merchandise is sold within the House, to help raise funds as well as raising awareness of the House. There are various items for sale, and with the development this year of the website, we are planning to expand into an online E-shop enabling the sale of our merchandise to a wider audience.

During the year the company achieved a net income of £nil (2017: £nil) after a donation to the charity of £958 (2017: £2,225) by way of gift aid, on a turnover of £4,424 (2017: £4,847).

Fundraising

The House benefits from some warm supporters and over a period of 25 years has sustained itself financially despite limited direct financial support from its project partners. In the past this has allowed the House to expand the number of rooms provided to families from 26 to 84.

The whole of the current staff team understands the need to raise funds to cover the running costs of the House whilst also ensuring that families receive the support they need during their stay. Families are our greatest supporters, financially and as ambassadors.

Over the last three years raising funds has become much more challenging and during the year the Board recognised the need for a fundamental review of its fundraising strategy. This took place after the year end, please see 'Plans for the Future' for more information.

The House is registered voluntarily with the Fundraising Regulator. It operates within the guidance of the Fundraising Code of Practice as well as those required under charity law and wider law. This gives our supporters and funder's confidence that their monies raised are spent wisely and lawfully.

ALDER HEY FAMILY HOUSE TRUST LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

The House holds membership with the Institute of Fundraising "IOF" and NCVO, ensuring staff have access to online tools and training to support their fundraising efforts.

Regular newsletters and updates from these various bodies are reviewed and acted upon and also circulated to Trustees.

In 2017 the House began to prepare itself to ensure it was compliant with GDPR going forward, this was enhanced by the purchase of a new fundraising database, training and subsequent policy development.

The House is open all day every day, all staff are able to talk about the House operations and fundraising, enabling visitors to come and view the House when it is most convenient for them.

A number of families fundraise for the House, outside of events organised by ourselves. Staff have developed a robust fundraising pack, to support families through this process, and to ensure any fundraising that takes place is transparent and legal.

The Charity does not use any professional fund-raisers or commercial participators in its fundraising.

Partners

Whilst the Charity bears the name of its two major project partners, Ronald McDonald (McDonalds Restaurants) and Alder Hey (Alder Hey Children's Hospital) it operates as an independent charity and is responsible for raising all funds relating to its running costs and repairs and replacement of its building, fixtures and fittings.

The project partners were responsible for providing the capital funds for building the original house 25 years ago and smaller grants towards the two further extensions. It is worth noting that both partners have their own separate charitable organisations who are in direct competition for voluntary donations with the House. However, the House still has strong relationships with them both and receives valuable support in the way of Board membership, staff fundraising and volunteering from local McDonalds restaurants, payroll services through McDonalds and contribution towards the cost of utilities by Alder Hey.

The House has strong working relationships with Alder Hey Children's Hospital and a variety of different agencies in order to provide the best possible level of support to families. It also works in partnership with many local suppliers who provide essential services for free or at a significant discount. Some of these services are described under the House performance section of this report.

Volunteering

The House provides voluntary employment for some 27 (2017:30) or more volunteers ranging in age from 16 to 85 years. Many of these volunteers are preparing for employment in health or social care or have taken early retirement. Some 7 volunteers have been with the charity for 10 years or more.

The House works closely with Alder Hey to recruit volunteers, who after a period of induction and training, are now also able to volunteer at the House as well as at the hospital. The House provides volunteers with an induction to their role and refreshments during their shifts. Most volunteers have featured in our social media stories, where regular thanks are given to them for their support. We also hold an annual social event at Christmas time. They are also invited to staff training where relevant to their role.

The House benefits financially, with volunteers saving many of thousands of pounds in revenue costs. We estimate that savings are in excess of £37,000 based on £10 per hour.

Volunteers undertake a wide range of activities; House Volunteers give more than 36 hours a week, just in duties such as washing and ironing. The Volunteer Fundraising Group meet monthly to plan events within the house, such as family bingo, family BBQ, and toy sales and then attend and support the events. Volunteers also attend ad-hoc events such as monthly bag packs or bucket collections. Companies donate staff time to decorating and gardening activities. A social media volunteer supported the web development and social media this year, these additional skills and knowledge base has proved invaluable to the House.

ALDER HEY FAMILY HOUSE TRUST LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Lots of different organisations send groups of staff to us each year to help in a wide variety of tasks. This is immensely helpful to the House and is often used by them as a team building exercise.

One of the House volunteers, who helps with the house laundry, said that parents often take the opportunity to chat to them whilst undertaking their own laundry. It might be about their sick child or how they are feeling or coping or about more everyday issues. The parents go away glad of the opportunity to talk and the volunteers get a great sense of achievement from being of help to them.

The Trustees receive no remuneration and are effectively volunteers themselves. They spend many hours ensuring that the charity runs efficiently and effectively.

Marketing & Communication

2017 saw the development of a new website, which was designed and built by Cyberfrog Design, with the invaluable support from Mark Wilson our Social Media Volunteer.

Mark has also been a key player in increasing our Facebook and Twitter presence, and developing an Instagram page and YouTube channel which are all proving very successful. So successful that the Board recognised that additional support was needed and this has led to the appointment of a Copywriter to support the further development of the website and social media. This role will be reviewed in 2018/19 with the potential for further development.

The Board understand the need to ensure the House is current in its methods of communicating with its supporters, and supporters are keen to keep in touch with the House and share their own personal stories and fundraising successes.

Our "Mac House"

We are the largest Ronald McDonald house in Europe, with 84 bedrooms, including 15 longer stay apartments, and can help over 2,000 families a year. Many families come from as far afield as North Wales, Staffordshire, Cheshire, Lancashire, the Isle of Man and of course all across Merseyside and the North West.

The House, built in 1993 and extended twice due to demand and the generosity of donors, is located in the grounds of the world-famous Alder Hey Children's Hospital. We are a home away from home, where families of seriously ill children receiving care and treatment at the hospital can stay close by, just minutes away from their child's bedside, in accommodation provided free of charge.

The House, affectionately known by families as "Mac House" provides them with a warm and welcoming environment, where they can stay for as long as they need, be it a matter of days, weeks, months or in some cases, even years. Mac House is equipped with the facilities for family living, with bedrooms, spacious lounges, tv's in bedrooms and a separate TV lounge, Wi-Fi, galley kitchens, their own food storage lockers, playrooms, a garden and a laundry. Rooms can sleep up to four persons and families can cook, clean, rest, and be together, all the time knowing that they are just minutes away their child in hospital. The difference this can make is simply incredible. The staff and volunteers are always there to support with dedicated family support workers who maintain regular contact with families.

Research shows that having the ability to stay close to your child whilst they are being treated in hospital hugely aids recovery and makes a massive difference to all the family, including the well brothers or sisters of the child being cared for. Some families also find it helpful to be with other families that are going through similar difficult experiences.

Ensuring that we maintain the accommodation, and also meet the diverse needs of families is key to the organisation. Donations of time from volunteers as well as resources goes a long way to ensuring the building is well maintained, though it is recognised that after 25 years, there may be some refurbishment of rooms needed, and future plans to fundraise for this are being developed.

The Charity recognises the need to ensure it is able to meet the changing priorities for parent accommodation in line with the changing priorities of Alder Hey Children's Hospital, and as a key partner the charity is well placed to make the changes needed.

ALDER HEY FAMILY HOUSE TRUST LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Financial review

Net outgoing resources for the year before investment gains or losses were £229,947 (2017: £288,988). The mixed risk investment portfolio recorded a loss in the year of £9,014 (2017: gain £185,469) resulting in a total reduction in funds of £238,961 (2017: £103,519) in the period.

The Board have undertaken a number of initiatives to address the financial position going forward and these plans are explained more fully in the section in this report 'Plans for the Future'.

Income is dependent upon fund-raising activity, donations and sponsorship. The Board wish to acknowledge the donations received from families who have stayed in the House and all other individuals and organisations that have contributed funds toward the House regardless of amount concerned.

They also wish to thank all those organisations who support the House with free or heavily discounted services. The estimated value of such services grew to £60,000 (2017: £38,000) plus savings from payroll services and utilities which are also provided free of charge.

It is estimated that the support provided by volunteers would have cost the House in excess of £37,000 and the Board are extremely grateful for this support.

Despite the staff and volunteers working extremely hard on several fundraising events and generous family donations the annual running costs target was not achieved for the third successive year. There was a cash shortfall from operating activities of £84,458 (2017: £129,995) which the House was able to meet from its reserves.

Increased investment in fundraising is underway, a new donor management system was purchased during the year and additional fundraising resources will be employed in 2018/19 to start to reverse the deficit position.

During the year investment was made in improved IT infrastructure and connectivity. This has benefitted both staff working practices and wi-fi access for staff, visitors and families.

The House continues to set aside funds annually for maintenance and depreciation, and is able to fulfil its normal financial obligations.

The property is held on a 124-year lease expiring in 2117 at a peppercorn rent from Alder Hey Children's NHS Foundation Trust. In order to accurately show the reserves tied up in the property, which is used operationally by the House, funds are held in a designated tangible fixed asset fund with a value of £3,328,776 (2017: £3,445,901 (inclusive of £758,205 of restricted funds transferred to designated in 2018 as noted below)).

As a significant part of the building has reached 25 years old the Board have increased the designated capital replacement fund to reflect 5% of the rebuild costs of the property. The Board has plans to replace certain essential fixtures, fittings, and equipment in line with the business plan and also needs to hold a contingency for major repair to the fabric of the building. This totals £325,000 (2017: £62,200). During the year it was necessary to replace the boilers at a cost of £36,048 and invest £20,202 in improved IT infrastructure and a new donor management system.

The restricted reserve of £758,205, appearing in 2017, has been released into general unrestricted funds as the Board believes that the terms of these gifts, which were the funding of the build and repair of the tangible fixed asset, have been met.

ALDER HEY FAMILY HOUSE TRUST LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Reserves Policy

In accordance with Charity Commission guidance the House has a reserves policy which was recently reviewed using a risk identification approach. As a result, the Board updated its designated reserves policy and agreed that the policy of ensuring that two years of anticipated future cash expenditure is covered by available free reserves should continue.

Anticipated future expenditure is taken to be the House's anticipated expenditure excluding depreciation, costs associated with specific fund-raising events, and major lifecycle and replacement expenditure. Available free reserves are reflected within general unrestricted funds. The resulting ratio, expressed in years, is known as the reserves ratio. The trustees have set a target reserves figure of £1.2 million to cover 2 years future cash running costs.

The reserve ratio currently stands at 2.1 years as at 31 March 2018 (2017: 2.7 years on the old basis) based on £600k of future annual running costs. The ratio is expected to fall below the target of 2.0 years during the next financial year.

Over the last three years fundraising has become more challenging and reserves have been eroded from cumulative cash deficits. Recent strategy has been to reduce costs and diversify income. Whilst this has helped to reduce the deficits it is recognised that investment in fundraising is now required (systems, staff and processes). It is likely that this investment will take time to make a net return and shortfalls are therefore expected to continue for the next two years. Reserves are therefore expected to be depleted by a further £150,000 over that period.

The reserves policy is established in order that accommodation for the parents of sick children being treated at Alder Hey can be provided on a continuing basis and without disruption. The House does not receive any contractual income and is entirely dependent on voluntary giving. It therefore faces uncertain income whilst the majority of its costs are fixed. We also rely on volunteers and gifts in kind to keep costs as low as possible.

The free reserves are necessary to cover our working capital (natural timing of cashflows), the additional costs of unforeseen events such as loss of senior staff, volunteers or gifts, short term fluctuations in the value of our investments, uncertainty over the amount and timing of voluntary donations and, in recent years, shortfalls in covering our running costs.

The free reserves are represented by a mixture of net current assets, cash and mixed risk investments. The value of these investments regularly rises and falls but with the medium-term goal of steady growth. Fluctuations in the value of investments has a direct impact on the level of free reserves at any given time.

As noted in the financial review, in order to accurately show the reserves tied up in the property, which is used operationally by the charity, a designated tangible fixed asset fund is held. A designated reserve is also held to cover anticipated future replacement costs. Designated funds total £3,653,776 (2017: £3,508,101)

These designated funds have been set aside so that the House has sufficient funds to cover anticipated future expenditure requirements. The funds are to be used at the discretion of the Board of Trustees, but the expectation is that they will be applied for the purposes for which they have been designated.

Investment Policy

The investment strategy of the House is to maximise the return on the funds by investment in a mixed risk investment portfolio. The portfolio is managed by Rathbone Investment Management who provide quarterly valuations and an annual face to face review with the Budget & Audit sub-committee. The performance of the fund is compared to various FTSE indices and the ARC Charity Steady Growth benchmark. The Board recently completed a risk questionnaire, which confirmed a risk category of 3, on a scale of 1-6 where 6 is the highest risk. The current portfolio structure reflects this level of risk with a mixture of UK equities, Overseas equities, Gilts/Bonds, Alternatives and Cash.

The Board has adopted good practice in respect of its stance on ethical investments. On the basis that the Charity is involved in the health of young people significant investment in tobacco and alcohol is excluded on ethical grounds.

ALDER HEY FAMILY HOUSE TRUST LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Principal Risks and Uncertainties

The Board have assessed the major risks to which the charitable company is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

The House operates rigorous financial and operating controls, including:

- Financial policies and procedures
- A comprehensive system of annual budgets, approved by the Board, and quarterly financial reporting of actuals against budgets
- Regular forecasting of predicted income and expenditure
- Quarterly monitoring of reserves policy
- Regular review of its risk register
- Quarterly monitoring of its investment portfolio

Plans for the Future

The Board are pleased that Alder Hey Children's NHS Foundation Trust's plans for a Children's Health Park are now complete. The House will continue to provide the support that has become very much a unique selling point of the partnership between this Charity and Alder Hey. It is hoped that together we will continue to build upon the last 25 years' experience.

The Board recognise that although huge achievements have been made over the past 25 years, and the House is providing the same service as it always has, times do change, and the need to ensure we provide accommodation to meet the changing needs of Alder Hey Children's Hospital is key. The House is keen to ensure it is part of any strategic plans Alder Hey may have moving forward, as a specialist children's hospital.

The House is already experiencing an increase in the number of families that stay with us, whilst their neonatal baby is being treated. This has led to Mums and Dads staying with us on the day of their child's birth, or within the first few days of a Mum having a Caesarean section. Ensuring we meet the physical as well as emotional needs of these families is vital. These needs may be different, during those first few days and weeks of giving birth, then they are for families with older children.

The House is undertaking a Disability Assessment that may lead to it further developing its disabled access. This is likely to require a capital fundraising campaign to ensure the House meet the needs of all families.

Whilst it is recognised that the House meets the needs of families, and that at times all they need is a comfortable bed, a shower, and somewhere to eat and wash, the Board is keen to ensure that the accommodation is at its best. Our aim is for the House to have a program of refurbishment of communal areas as well as bedrooms and apartments. The challenges will be to raise funds to do this, alongside covering our running costs, whilst ensuring the House does not lose its Home from Home appeal.

Volunteers are key to the running of the House, and its fundraising efforts. It is recognised that a Volunteer Strategy will ensure the continued success of volunteers, and this is part of the development for 2018/19.

Further strategic plans are being progressed but key to all developments within the House is the updating of its Fundraising plan and investment in this area. This will ensure the House is not only able to meet its core costs and maintain its reserves target but can fundraise to meet the changing and diverse needs of its residents.

Following an independent review of fundraising completed in June 2018, the Board agreed to invest greater resources in fundraising in order to meet the shortfalls suffered over the last three years and forecast for 2018/19. The independent assessment concluded that there is room for growth in all areas of the House fundraising and that a reasonable return on the extra investment can be expected although this will take several years to achieve payback.

ALDER HEY FAMILY HOUSE TRUST LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

Structure, governance and management

Governing Document & Legalities

The company is constituted as a company limited by guarantee, not having share capital and governed by its memorandum and articles of association. Its affairs are conducted by trustees, who are also the board of directors.

The company is known as 'Ronald McDonald House at Alder Hey Children's Hospital' and is registered as a charity with the Charity Commission with its principal object being to provide accommodation and other assistance for children being treated at the Royal Liverpool Children's Hospital, Alder Hey and their families during periods of treatment.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr N Williams (Chair)	
Ms C M Hart	
Ms H Gwilliams	(Resigned 12 December 2017)
Mr F R Jones	
Mrs S M Rogers	(Resigned 30 July 2018)
Mr D A Bell	(Resigned 14 August 2017)
Ms P M Cole	
Mr A G M Higdon	
Mrs K H Camden	
Ms S L Carter	
Mr M W Blundell	(Appointed 6 June 2017)
Mr S A Russell	(Appointed 6 June 2017)
Mrs A P Pope	(Appointed 6 June 2017)
Mr M J Flannagan	(Appointed 12 December 2017)
Mr S M McGauley	(Appointed 12 December 2017)
Mr R E Robinson	(Appointed 5 June 2018)

Appointment of Trustees

There is a minimum of four and a maximum of fifteen trustees. Trustees serve for a maximum of three years, after which time they can offer themselves for re-election. The Chair of the trustees serves for three years and may offer himself/herself for re-election for a further three years. All trustees serve on one or more of the sub-committees. Trustee Officers and Chairs of the sub-committees are re-elected every 2 years.

New trustees are appointed based on the skill requirements of the charity. The Board of Trustees "the Board" includes representatives from its service users (families) its project partners (McDonalds Restaurants and Alder Hey Children's Hospital) and the general public.

ALDER HEY FAMILY HOUSE TRUST LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Trustee Induction, Training and Development

New trustees receive a comprehensive set of documents outlining the powers and rules of the charity together with recent minutes and performance of the charity. They also receive internal and Charity Commission guidance on the role of trustees. This is so that they understand their legal obligations under charity and company law.

All trustees sign a trustee contract and code of conduct and declaration of eligibility. Following a change in legislation from 1st August 2018, covering automatic disqualification rules for charity trustees and senior manager positions, all trustees and managers have signed the recommended declaration.

The trustees keep up to date with changes in charity regulation by receiving regular newsletters issued by the Charity Commission, National Council for Voluntary Organisations "NCVO" and the Fundraising Regulator. There are also trustees on the Board who work with or for other charities who can offer advice and guidance to new or inexperienced trustees

Refresher trustee training is planned in conjunction with Liverpool Charity and Voluntary Services "LCVS".

Organisation

The Board administers the Charity and meets once every 3 months. It is supported by a number of sub-committees, made up of board members, co-opted members and relevant members of the senior team. These committees are accountable to the Main Board and each have their own terms of reference governing their responsibilities, duties and constitution. They cover Budget and Audit, Fund-raising and Employment and Remuneration and each of them meet on a regular basis.

A House Director "the HD" is appointed by the trustees to manage the day to day operations of the Charity. To facilitate effective operations the HD has delegated authority, within the terms of delegation approved by the Board, for all operational matters.

Staff Pay & Training

Staff pay is reviewed annually and incremental increases are based on performance throughout the previous year. A pay scale matrix, developed by the HayGroup, is uplifted each year to reflect inflation levels and affordability.

Staff training takes place throughout the year, and is based on personal development and mandatory training in subjects such as Safeguarding and Health and Safety.

Volunteers have an induction process in the House, they are also invited to attend training and events with staff.

Trustees receive no remuneration, out of pocket expenses paid to trustees during the year were £nil (2017: £1,046).

Related Parties

The Charity has a wholly-owned trading company, RMH Alder Hey Trading Limited whose principal activity is the sale of a range of merchandise associated with Ronald McDonald House at Alder Hey "the House".

Auditor

In accordance with the company's articles, a resolution proposing that DSG be reappointed as auditor of the company will be put at a General Meeting.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

ALDER HEY FAMILY HOUSE TRUST LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

The trustees' report was approved by the Board of Trustees.



Ms C M Hart

Trustee

Dated: 29 October 2018

ALDER HEY FAMILY HOUSE TRUST LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2018

The trustees, who are also the directors of Alder Hey Family House Trust Limited for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ALDER HEY FAMILY HOUSE TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALDER HEY FAMILY HOUSE TRUST LIMITED

Opinion

We have audited the financial statements of Alder Hey Family House Trust Limited (the 'charitable company') for the year ended 31 March 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, 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.

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 accounts section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the accounts 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.

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.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

ALDER HEY FAMILY HOUSE TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ALDER HEY FAMILY HOUSE TRUST LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charitable company for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they 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.

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 the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ALDER HEY FAMILY HOUSE TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ALDER HEY FAMILY HOUSE TRUST LIMITED

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. 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Jean Ellis BA FCA CTA (Senior Statutory Auditor)
for and on behalf of DSG

29 October 2018

Chartered Accountants
Statutory Auditor

Castle Chambers
43 Castle Street
Liverpool
L2 9TL

ALDER HEY FAMILY HOUSE TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<u>Income and endowments from:</u>					
Donations and legacies	2	471,392	-	471,392	496,465
Investments	3	40,969	-	40,969	36,829
Other income	4	9,683	-	9,683	8,139
Total income		522,044	-	522,044	541,433
<u>Expenditure on:</u>					
Raising funds	5	133,393	-	133,393	133,681
Charitable activities	6	618,598	-	618,598	696,740
Total resources expended		751,991	-	751,991	830,421
Net gains/(losses) on investments	10	(9,014)	-	(9,014)	185,469
Net outgoing resources before transfers		(238,961)	-	(238,961)	(103,519)
Gross transfers between funds		758,205	(758,205)	-	-
Net movement in funds		519,244	(758,205)	(238,961)	(103,519)
Fund balances at 1 April 2017		4,375,735	758,205	5,133,940	5,237,459
Fund balances at 31 March 2018		4,894,979	-	4,894,979	5,133,940

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

ALDER HEY FAMILY HOUSE TRUST LIMITED

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	11	3,328,776		3,445,901	
Investments	12	1,257,648		1,335,868	
		<u>4,586,424</u>		<u>4,781,769</u>	
Current assets					
Debtors	14	17,974		31,681	
Cash at bank and in hand		381,167		411,700	
		<u>399,141</u>		<u>443,381</u>	
Creditors: amounts falling due within one year	15	(90,586)		(91,210)	
Net current assets			308,555		352,171
Total assets less current liabilities			<u>4,894,979</u>		<u>5,133,940</u>
Income funds					
Restricted funds	17		-		758,205
<u>Unrestricted funds</u>					
Designated funds	18	3,653,776		2,749,896	
General unrestricted funds		1,241,203		1,625,839	
		<u>4,894,979</u>		<u>4,375,735</u>	
		<u>4,894,979</u>		<u>5,133,940</u>	

The financial statements were approved by the Trustees on 29 October 2018



Mr N Williams (Chair)
Trustee



Ms C M Hart
Trustee

Company Registration No. 02647684

ALDER HEY FAMILY HOUSE TRUST LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash absorbed by operations	22		(84,458)		(129,995)
Investing activities					
Purchase of tangible fixed assets		(56,250)		-	
Purchase of investments		(75,218)		(61,372)	
Proceeds on disposal of investments		144,424		168,052	
Interest received		40,969		36,829	
Net cash generated from investing activities			53,925		143,509
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(30,533)		13,514
Cash and cash equivalents at beginning of year			411,700		398,186
Cash and cash equivalents at end of year			381,167		411,700

ALDER HEY FAMILY HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Charity information

Alder Hey Family House Trust Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Ronald McDonald House, Alder Road, Liverpool, L12 2AZ.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charitable company's Memorandum and Articles of Association, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016). The charitable company is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared on the historical cost convention modified to include the revaluation of fixed asset investments.

The financial statements present information about the charity as an individual undertaking and not about its group. The charity and its subsidiary undertakings comprise a small-sized group. The charity has therefore taken advantage of relevant charity law not to prepare group accounts.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Incoming resources

Income is recognised when the charitable company is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charitable company has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charitable company has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

ALDER HEY FAMILY HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.5 Resources expended

Expenditure, which is charged on an accruals basis, is allocated between:

Expenditure incurred directly in the fulfilment of the charity's objectives (charitable activities), expenditure incurred directly in the effort to raise voluntary contributions (costs of generating voluntary contributions) and expenditure incurred in the governance of the charity.

Items of expenditure involving more than one cost category are apportioned on the basis of staff time incurred in respect of each category.

No amounts are included in the financial statements for services donated by volunteers.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	40 years
Fixtures, fittings & equipment	Between 5 and 7 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

A subsidiary is an entity controlled by the charitable company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting end date, the charitable company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

ALDER HEY FAMILY HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.10 Financial instruments

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charitable company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charitable company's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

ALDER HEY FAMILY HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.13 Taxation

Alder Hey Family House Trust Limited is a registered charity and is thus exempt from tax on income and gains falling within sections 466 to 493 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to charitable objects. No tax charges have arisen in the charitable company.

2 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2018	Total 2017
	£	£	£	£
Donations and gifts	471,392	-	471,392	496,465
For the year ended 31 March 2017	460,242	36,223		496,465

Donations and legacies includes intangible income comprising utilities provided which is estimated to be worth £28,000 (2017: £28,000).

3 Investments

	2018	2017
	£	£
Income from listed investments	36,472	35,573
Interest receivable	4,497	1,256
	40,969	36,829

4 Other income

	2018	2017
	£	£
Other income	9,683	8,139

ALDER HEY FAMILY HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

5 Raising funds

	2018	2017
	£	£
<u>Fundraising and publicity</u>		
Staging fundraising events	31,321	38,611
Costs of fundraising	4,820	-
Advertising	2,972	3,446
Staff costs	84,709	82,241
	<hr/>	<hr/>
Fundraising and publicity	123,822	124,298
	<hr/>	<hr/>
<u>Investment management</u>	9,571	9,383
	<hr/>	<hr/>
	133,393	133,681
	<hr/>	<hr/>

ALDER HEY FAMILY HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

6 Charitable activities

	2018 £	2017 £
Staff costs	113,820	151,333
Depreciation and impairment	173,379	169,063
Insurance	9,413	9,064
Heat, light, water and rates	60,321	52,288
Maintenance and repairs	9,853	34,975
Stationery, postage and telephone	4,763	4,106
Cleaning and household	67,848	93,269
Contract maintenance	39,068	42,156
Staff training	39	432
Travelling, subsistence and entertaining	1,411	4,854
Miscellaneous	7,192	3,570
Night porters	76,543	77,850
	<u>563,650</u>	<u>642,960</u>
Share of support costs (see note 7)	48,288	47,120
Share of governance costs (see note 7)	6,660	6,660
	<u>618,598</u>	<u>696,740</u>
Analysis by fund		
Unrestricted funds	618,598	
	<u>618,598</u>	
For the year ended 31 March 2017		
Unrestricted funds		649,421
Restricted funds		47,319
		<u>696,740</u>

ALDER HEY FAMILY HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

7 Support costs

	Support costs £	Governance costs £	2018 £	2017 £	Basis of allocation
Staff costs	48,288	-	48,288	47,120	Staff time
Audit fees	-	6,660	6,660	6,660	Governance
	<u>48,288</u>	<u>6,660</u>	<u>54,948</u>	<u>53,780</u>	
Analysed between Charitable activities	<u>48,288</u>	<u>6,660</u>	<u>54,948</u>	<u>53,780</u>	

Costs of generating funds (donations and legacies) comprise the costs actually incurred in inducing others to make gifts to the charity that are voluntary income. Such costs include the costs of producing fund-raising, marketing and direct mail materials.

Expenditure on activities undertaken directly on charitable activities includes all expenditure incurred by the charity to provide accommodation and related facilities to the families of sick children as opposed to the cost of raising the funds to finance the charitable activities.

Staff costs are allocated on a time apportionment basis.

8 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year. Trustee expenses of £nil (2017: £1,046) were reimbursed in the period.

ALDER HEY FAMILY HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

9 Employees

Number of employees

The average monthly number employees during the year was:

	2018 Number	2017 Number
Administrative	4	4
Operational	6	6
	<u>10</u>	<u>10</u>

Employment costs

	2018 £	2017 £
Wages and salaries	236,702	273,117
Other pension costs	10,115	7,577
	<u>246,817</u>	<u>280,694</u>

Salaries, pensions and social security costs are paid by McDonalds Restaurants Limited. The charity reimburses McDonalds Restaurants Limited in full for these costs.

There were no employees whose annual remuneration was £60,000 or more.

10 Net gains/(losses) on investments

	2018 £	2017 £
Revaluation of investments	(7,739)	164,737
Gain/(loss) on sale of investments	(1,275)	20,732
	<u>(9,014)</u>	<u>185,469</u>

ALDER HEY FAMILY HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

11 Tangible fixed assets

	Land and buildings	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 April 2017	4,804,401	1,258,950	6,063,351
Additions	-	56,250	56,250
At 31 March 2018	4,804,401	1,315,200	6,119,601
Depreciation and impairment			
At 1 April 2017	1,754,448	862,998	2,617,446
Depreciation charged in the year	120,019	53,360	173,379
At 31 March 2018	1,874,467	916,358	2,790,825
Carrying amount			
At 31 March 2018	2,929,934	398,842	3,328,776
At 31 March 2017	3,437,064	8,837	3,445,901

12 Fixed asset investments

	Listed investments	Other investments	Total
	£		£
Cost or valuation			
At 1 April 2017	1,335,866	2	1,335,868
Additions	75,218	-	75,218
Valuation changes	(7,739)	-	(7,739)
Disposals	(145,699)	-	(145,699)
At 31 March 2018	1,257,646	2	1,257,648
Carrying amount			
At 31 March 2018	1,257,646	2	1,257,648
At 31 March 2017	1,335,866	2	1,335,868

	Notes	2018 £	2017 £
Other investments comprise:			
Investments in subsidiaries	21	2	2

ALDER HEY FAMILY HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

12 Fixed asset investments

(Continued)

Fixed asset investments revalued

Investments are included at revalued amounts, being the market value of the shares at the year end. The historical cost of the shares was £986,671 (2017: £1,033,454).

13 Financial instruments

2018

2017

£

£

Carrying amount of financial assets

Debt instruments measured at amortised cost

958

2,225

Equity instruments measured at cost less impairment

1,257,646

1,335,866

Carrying amount of financial liabilities

Measured at amortised cost

90,586

91,210

14 Debtors

2018

2017

£

£

Amounts falling due within one year:

Amounts due from subsidiary undertakings

958

2,225

Prepayments and accrued income

17,016

29,456

17,974

31,681

15 Creditors: amounts falling due within one year

2018

2017

£

£

Trade creditors

2,130

3,984

Accruals and deferred income

88,456

87,226

90,586

91,210

16 Retirement benefit schemes

Defined contribution schemes

The charitable company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charitable company in an independently administered fund.

ALDER HEY FAMILY HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

17 Restricted funds

	Movement in funds				Balance at 31 March 2018
	Balance at 1 April 2017	Incoming resources	Resources expended	Transfers	
	£	£	£	£	£
New Annex	612,884	-	-	(612,884)	-
RMH3	145,321	-	-	(145,321)	-
	<u>758,205</u>	<u>-</u>	<u>-</u>	<u>(758,205)</u>	<u>-</u>

The New Annex and RMH3 represented donations received for the construction of the new annex and for the construction of new development block RMH3. As the charity has expended these funds in line with the purpose of the donations this has discharged the restriction on the funds and therefore the assets have been transferred to unrestricted funds.

18 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds				Balance at 31 March 2018
	Balance at 1 April 2017	Incoming resources	Resources expended	Transfers	
	£	£	£	£	£
Capital replacement fund	62,200	-	-	262,800	325,000
Tangible fixed asset fund	2,687,696	-	-	641,080	3,328,776
	<u>2,749,896</u>	<u>-</u>	<u>-</u>	<u>903,880</u>	<u>3,653,776</u>

Capital replacement fund - As a significant part of the building has reached 25 years old the Board have increased the designated capital replacement fund to reflect 5% of the rebuild costs of the property. The Board has plans to replace certain essential fixtures, fittings, and equipment in line with the business plan and also needs to hold a contingency for major repair to the fabric of the building.

Tangible fixed asset fund - This fund reflects the value of the tangible fixed assets used operationally by the charity.

ALDER HEY FAMILY HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

19 Operating lease commitments

At the reporting end date the charitable company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	148,384	142,178
Between two and five years	158,751	307,085
	<u>307,135</u>	<u>449,263</u>

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	<u>55,285</u>	<u>54,010</u>

The charity has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

21 Subsidiaries

Details of the charitable company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct Indirect
R M H Alder Hey Trading Limited	England & Wales	Selling a range of merchandise associated with Ronald McDonald House	100.00

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
R M H Alder Hey Trading Limited	-	11,544

ALDER HEY FAMILY HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

22	Cash generated from operations	2018 £	2017 £
	Deficit for the year	(238,961)	(103,519)
	Adjustments for:		
	Investment income recognised in statement of financial activities	(40,969)	(36,829)
	Loss/(gain) on disposal of investments	1,275	(20,732)
	Fair value gains and losses on investments	7,739	(164,737)
	Depreciation and impairment of tangible fixed assets	173,379	169,063
	Movements in working capital:		
	Decrease/(increase) in debtors	13,707	(8,089)
	(Decrease)/increase in creditors	(628)	34,848
	Cash absorbed by operations	<u>(84,458)</u>	<u>(129,995)</u>