

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 2021**

# ALDER HEY FAMILY HOUSE TRUST LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Mr N Williams (Chair) Ms C M Hart Mr F R Jones Ms P M Cole Mrs K H Camden Mr M W Blundell Mr S A Russell Mrs A P Pope Mr R E Robinson Ms P Brown
<b>Secretary</b>	Ms C M Hart
<b>Chief executive officer</b>	Ms W Carson
<b>Charity number</b>	1008765
<b>Company number</b>	02647684
<b>Principal address</b>	Ronald McDonald House Alder Road Liverpool L12 2AZ
<b>Registered office</b>	Ronald McDonald House Alder Road Liverpool L12 2AZ
<b>Auditor</b>	DSG Castle Chambers 43 Castle Street Liverpool L2 9TL

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# ALDER HEY FAMILY HOUSE TRUST LIMITED

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# **ALDER HEY FAMILY HOUSE TRUST LIMITED**

## **CHAIRMAN AND CHIEF EXECUTIVE'S REPORT**

***FOR THE YEAR ENDED 31 MARCH 2021***

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We would like to take this opportunity to welcome you to our Annual Report and Accounts for 2020/21.

The start of this financial year coincided with the Covid-19 pandemic, and the impact of this can be seen in every aspect of the Charity.

The inability for the Charity to raise funds in its normal way, led to an unprecedented predicted deficit, and as we worked to predict what future fundraising would look like it became obvious that the charity would run at a deficit for a number of years, potentially outstripping the amount of charity reserves we hold.

Although we had an active fundraising team in post it was unclear to us, as it was to all other charities, what the future of fundraising might look like. The team worked hard to diversify their activities and look at new ways of raising funds. It did give us the opportunity to review some of our internal processes and update written procedures.

We were very proud to be able to continue supporting the NHS during the Covid-19 pandemic, by continuing to provide accommodation for families. Our priority at this time was to also protect our staff. Following government guidelines staff worked from home, where they could, and others were furloughed. We worked in partnership with Alder Hey staff and volunteers to continue providing accommodation.

During the first lockdown April - June 20 278 families were accommodated. In total 977 families stayed with us this year with an average stay of 24 nights. Unsurprisingly less families stayed than the previous year (2020; 2,054) but the length of stay was longer (2020; 13 nights).

One family's comments made us realise the huge impact keeping the house operational during this time had had on the families, and although difficult was worthwhile

"You made me feel so safe at a time so far away from home, you have done this for so many. You guys have come in day and night making sure everyone in your care is safe, fed and warm. You all have probably felt scared yourselves yet you have brushed it aside with no gain for yourselves to ensure others were safe, that to me is the greatest form of a true caring heart and charity"

What became more obvious during this period, was the challenge that raising future funds was going to bring. Not only were we facing a deficit higher than we had ever experienced before, we were unable to predict what the future of fundraising might look like. This uncertainty against a backdrop of an aging building in need of some major renovations led the Trustees to look at collaboration with Ronald McDonald House Charities (UK).

These discussions led the Board to believe that it would be in the best interest of staff, families, and stakeholders if the two charities merged, which would ensure the continuation of a Ronald McDonald House at Alder Hey, a much needed and valued asset. We are proud of our achievements over the last 28 years as an independent charity. We have grown from a 26-bedroom facility to 84 bedrooms, are the largest Ronald McDonald house in Europe and supported 35,000 families over that time.

A merger is expected to take place in December 2021 and we hope and expect our House at Alder Hey to go from strength to strength under its new structure but with most of our existing staff continuing the excellent work they already do for the Charity and families.

Thank You

We would like to extend a huge thanks to all those who continue to support Ronald McDonald House, and enable us to provide not only accommodation, but a vast array of support to families of seriously sick children, enabling them to stay together during the most difficult time in their lives.

We would like to pay a special thanks to Alder Hey volunteers and our own CEO who worked in the House during the first lockdown showing incredible bravery and dedication to the families.

# **ALDER HEY FAMILY HOUSE TRUST LIMITED**

## **CHAIRMAN AND CHIEF EXECUTIVE'S REPORT**

***FOR THE YEAR ENDED 31 MARCH 2021***

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We know that the families who benefit from staying at Ronald McDonald House are so grateful to be given the opportunity to be close to their child, and we are grateful that with your ongoing support we will be able to continue to support families when they need us most.

**Neil Williams**

Chairman

**Wendy Carson**

Chief Executive Officer

Dated: 29 November 2021

# ALDER HEY FAMILY HOUSE TRUST LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 MARCH 2021

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The trustees present their annual report and financial statements for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements 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 2019).

#### 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, so as 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 was an independent charity for 28 years and was responsible for raising all funds relating to the running and upkeep of the house, through voluntary donation. During that time, it received a very modest amount of short-term contractual income and limited support from its project partners McDonald's Restaurants and Alder Hey.

The Trustees of the Alder Hey Family House Trust are working towards the House at Alder Hey joining the wider Ronald McDonald House Charities UK family during December 2021. By merging with Ronald McDonald House Charities (UK) the House at Alder Hey House will gain further access to resource, expertise, funding, and financial savings, helping the House respond to increasing demands and better able to plan for the future. The two charities share the same purpose and are a part of the same global network of charities - providing a 'home away from home' and support for families with children in hospital. Ronald McDonald House Charities (UK) (RMHC) is a national charity, and works with 12 other NHS partner hospitals at major children's centres.

The House provides regular voluntary employment opportunities to individuals and various groups of volunteers also work on an ad hoc 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 at the heart of the local community.

Over the last 28 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 well over 35,000 families.

The development of the Alder Hey Campus continues. Work has begun to build the new Alder Centre, which will support bereaved families. There are plans for Springfield Park to be replaced, which will enhance the facility for children and families.

#### Mission, Vision and Values

Our Mission was **"To provide accommodation for the families of sick children enabling them to stay together as a family unit, within a comfortable homely environment"**.

Our vision was to **"To ensure every sick child has access to his or her family when they need it most"**

We will do this **with Care, with Support, with Empathy and we will be Dedicated to meeting the needs of families.**

These fundamental principles are similar to those adopted by RMHC and will therefore continue to be followed post-merger.

## **ALDER HEY FAMILY HOUSE TRUST LIMITED**

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

***FOR THE YEAR ENDED 31 MARCH 2021***

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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 and Merseyside, as far afield as Staffordshire, Cheshire, Lancashire, 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

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

Parents of children being treated at Alder Hey, 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.

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.

Governance

The Charity continued to monitor its performance against the National Council for Voluntary Organisations "NCVO" 'Governance Code for Charities' and best practice. It also continued to review Risks and monitor performance in the light of the pandemic and the difficult fundraising conditions faced by the Charity.

In addition to its scheduled quarterly meetings, which had to be held online due to Covid-19, the Board also met online to discuss and agree strategy and following a 10-month period of investigation, into the pros and cons of merger, the Board are close to approving a merger with RMHC to take place in December 2021.

# **ALDER HEY FAMILY HOUSE TRUST LIMITED**

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

**FOR THE YEAR ENDED 31 MARCH 2021**

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### **Achievements and performance**

Over the past 12 months the House has accommodated 977 (2020; 2,054) families, with an average stay increasing to 24 nights (2020;13 nights), our figures were impacted by the COVID-19 outbreak at the start of the financial year.

We were very proud to be able to continue supporting the NHS during the Covid-19 pandemic, by continuing to provide accommodation for families. Our priority at this time was to also protect our staff. Following government guidelines staff worked from home, where they could, and others were furloughed. We worked in partnership with Alder Hey staff and volunteers to continue providing accommodation. During the first lockdown April -June 20 278 families were accommodated.

The majority of House activities were suspended due to the pandemic. A number of fundraising events were moved to virtual platform and our fundraising team, worked hard to continue the engagement with our supporters.

What became more obvious during the last year, was the challenge that raising future funds was going to bring. Not only were we facing a deficit higher than we had ever experienced before, we were unable to predict what the future of fundraising might look like. This uncertainty against a backdrop of an aging building in need of some major renovations led the Trustees to look at collaboration with Ronald McDonald House Charities (UK).

These discussions led the Board to believe that it would be in the best interests of staff, families, and stakeholders if the two charities merged, which would ensure the continuation of a Ronald McDonald House at Alder Hey, a much needed and valued asset. The merger is planned for December 2021 and we hope and expect our House at Alder Hey to go from strength to strength under its new structure but with most of our existing staff continuing the excellent work they already do for the Charity and families.

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 nearly 30 years, refurbishment of rooms is necessary, and the merger with RMHC will enable this.

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 2021**

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The COVID-19 pandemic hit in March 20. We worked closely with Alder Hey Children's Hospital, to continue to deliver a service to families, when the advice given was to stop taking new families. Alder Hey became a regional children's treatment centre during this period, as local hospital children's wards shut. The hospital was very clear, they needed our service to continue. To enable us to follow government guidelines, by allowing all non-operational staff to work from home, and to keep our small operational staff team safe, we needed a new way of working. Over a four-day period we changed our processes to enable new families to safely check in, using Alder Hey volunteers working alongside the Charity CEO and thus keep the house operational. We are very proud of the brave decision the Trustees made to ensure the House continued to be operational, helping 278 families, and the contribution of all involved in the operational running of the House.

#### **Fundraising**

We appointed a new Head of Fundraising in March 2020, who came in to post in June of that year. The team continued to work from home, but it was clear that there was a huge challenge as most fundraising activities had stopped due to the pandemic. The decision had already been made to review fundraising to realign our database, and to ensure all relevant staff were trained in line with the Fundraising code of practice. The pandemic allowed the team to spend valuable time doing this. The team worked hard to continue to engage with supporters, and to continue with relationships already built, this led to a number of events and challenge participants moving their activity to a virtual or online event.

The team continued to work although the pandemic and with the support of Jenny Haskey from Haskey consulting were able to continue to develop and improve the fundraising function,

In the run up to Christmas, the team launched the charity's first emergency appeal and used the powerful story of a mum - Amy who had stayed at the house at the onset of the pandemic. Amy's story highlighted to supporters how COVID restrictions at Mac House: no siblings, no visitors, no wider family staying, house activities suspended and communal areas closed, made what can already be an isolating experience for families even more so. As a first proactive 'ask' the campaign was successful in raising some income at a challenging time, but was more successful in terms of building the loyal supporter base and facilitating communications with families and supporters that had not been in touch with the charity for ten or more years.

The team also undertook work to streamline 'gifts in kind' to the charity, by establishing partnerships with community and corporate organisations to provide specifically agreed supplies at specific times. Such agreements, ensures the charity is not over faced with items that do not further the purpose of the organisation or assist with income generation, but know they will receive supplies actually required on an ongoing basis. The team then focused on converting donations of gifts in kind outside these perimeters into encouraging financial donations instead where possible.

A further focus for the Fundraising team during the pandemic has been to improve the stewardship path of supporters so they are thanked in a consistent and timely manner. To facilitate this some work has been undertaken on the charity's database which has supported this stewardship.

Despite the challenges of the pandemic on fundraising with events being cancelled, the charity and its supporters embraced innovative fundraising initiatives such as online events, Facebook birthday fundraising and the 2.4 challenge which was the virtual option for the London Marathon.

The House is registered voluntarily with the Fundraising Regulator and we follow the Institute of Fundraising "IOF" best practice guide and Charity Commission guidance for Charity Fundraising (CC20). We comply with the Privacy and Electronic Communications Regulations (PECR) that sits alongside the current Data Protection Act and have undertaken all the relevant compliance preparation. For the year 2019/20 we did not receive any complaints about our fundraising practices/approaches. Protection of vulnerable people is something the House takes seriously. We adhere to the IOF's guidance – 'Treating Donors Fairly - Fundraising with people in vulnerable circumstances. Adherence to all fundraising regulation and best practice gives our supporters and funder's confidence that their monies raised are spent wisely and lawfully. The Charity does not use any professional fund-raisers or commercial participators in its fundraising. It did use an external consultant to carry out a fundraising review and provide short-term support for the team.

# **ALDER HEY FAMILY HOUSE TRUST LIMITED**

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

**FOR THE YEAR ENDED 31 MARCH 2021**

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### Marketing & Communication

In December 2020 we saw the very welcome addition of a new Fundraising Assistant to the team. As well as bringing great efficiencies in processing donations, she brought expertise in marketing and communications. Such expertise has enabled a more cohesive approach to the charity's branding which has assisted in developing our identity on competitive social media platforms. With a carefully planned and meaningful communications calendar, reach and engagement have significantly increased across all social media platforms. Social media has also been used as a tool to promote campaigns or encourage sign ups to online events. As an alternative to community fundraising in particular it has proven itself to be a useful vehicle for fundraising during lockdown periods with a quick and safe 'virtual' method for collecting donations.

The team have utilised national dates to engage with families and supporters, with posts on National Bed Month and World Heart Day proving to be particularly useful in engaging families and encouraging them to share their stories and experiences of staying at Mac House and ultimately supporting each other.

Having new expertise within the team has also facilitated a more analytical approach to social media and using tools like algorithms to gain a better insight into the charity supporter base and using paid marketing opportunities to engage supporters from areas further afield where families using our home from home are known to live.

### Partners

Whilst the Charity's full name "Ronald McDonald House at Alder Hey Children's Hospital" includes the name of its two major project partners, Ronald McDonald referring to McDonald's Restaurants and Alder Hey referring to Alder Hey Children's Hospital, it operated as an independent charity from its inception in 1993 to 2021. The project partners were responsible for providing the capital funds for building the original house and smaller grants towards the two further extensions, however over the last 28 years the Charity was responsible for raising all funds relating to its running costs and repairs and replacement of its building, fixtures and fittings. The Trustees' desire to give up the Charity's independence and merge with Ronald McDonald House Charities (UK) brings with it many benefits to families, staff and donors and secures the financial health of the House and ensures that it stays open for as long as families need free accommodation.

Alder Hey Children's Hospital make a contribution towards the cost of utilities, which is treated as intangible income in these accounts at £83,119 (2020: £65,220). 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. Alder Hey Children's Hospital funds a small number of rooms that the Charity reserves for use by children receiving SDR surgery and their family. This is a short-term commitment renewable six monthly.

The strong partnership with Alder Hey Children's Hospital was strengthened even further in March 2020, as the COVID-19 pandemic hit. There was a strong commitment, by both organisations, to the House continuing to welcome families during the whole of the lock-down periods. Clearly this was a challenging task for everyone concerned but we did achieve it by working together. Ronald McDonald House Liverpool, is proud to have been able to support 278 families and the NHS during the first lockdown.

The Charity also works in partnership with many local suppliers who provide essential services for free or at a significant discount.

### Volunteering

Due to the pandemic volunteers were not able to access the House, for most of the year. They did make a welcome return in June 2021

During the first pandemic volunteers from Alder Hey supported the running of the House, and showed amazing dedication to the families, the hospital and to Ronald McDonald House.

The Trustees receive no remuneration for their work. They were very active during this year and were required to make swift decisions in the light of the pandemic. They kept up regular communication with the House, changing to online meetings, continuing their governance work and making the difficult decision to merge with Ronald McDonald House Charities UK when the need became clear.

# **ALDER HEY FAMILY HOUSE TRUST LIMITED**

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

### **FOR THE YEAR ENDED 31 MARCH 2021**

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Volunteers from Alder Hey, were key in our ability to continue to be operational during the COVID-19 pandemic, they provided 683 hours of volunteer time, to ensure the smooth and safe running of the House for the 278 families we looked after.

#### **Financial review**

Net outgoing resources for the year before investment gains or losses were £499,696 (2020: £290,678). The mixed risk investment portfolio recorded a gain in the year of £195,021 (2020: loss £117,314) resulting in a total reduction in funds of £304,675 (2020: £407,992) in the period.

The investment portfolio suffered an unusually high loss in market value of £125,000 in March 2020, as a result of the fall in the world's stock markets from COVID-19. Market values more than recovered in the last financial year.

COVID-19 had a significant impact on our ability to run any fundraising events in 2020 and family donations also reduced during these difficult times. As a result, the annual running costs target was not achieved for the sixth successive year. There was a cash shortfall from operating activities of £338,705 (2020: £179,783) which the House was able to meet from its reserves.

The Charity had made significant investment in its fundraising resources and processes over the last three years but this was taking time to improve our income levels and then COVID-19 hit the Charity hard. Unrestricted donations and fundraising event income fell by 60% in the year and a return to breakeven looked to be unattainable in the short term. This is the reason why merger talks with RMHC commenced during the year.

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, both in the current year and over its 28-year history as an independent charity.

They also wish to thank all those organisations who have supported the House with free or heavily discounted services. The estimated value of such services in the year amounted to £45,000 (2020: £89,000) plus savings from payroll services and utilities which are also provided free of charge.

The support provided by volunteers is invaluable and the Board are extremely grateful for their support this year and throughout the Charity's history.

The House continued to set aside funds annually for maintenance and depreciation, and was able to fulfil its normal financial obligations in the short term, as an independent charity, and in the longer term as part of the wider Ronald McDonald House Charities UK family.

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 £2,911,233 (2020: £3,052,428).

As a significant part of the building has reached 25 years old the Board had set aside a designated Capital Replacement fund which equates to 2.5% of the estimated rebuild costs of the property. This totals £325,000 (2020: £325,000). During the year we did not invest any significant funds in capital items but the repairs and maintenance costs continue to grow as the house gets older. We expect both capital replacement and repairs and maintenance costs to increase significantly due to the age of the buildings.

The Board had also set aside funds into a Building Expansion fund of £300,000 which equated to approximately one quarter of the likely costs of expansion of the existing apartment block. These funds have been transferred back into general unrestricted funds in the light of the net loss for the year and the unlikely prospect of being able to afford any expansion.

# **ALDER HEY FAMILY HOUSE TRUST LIMITED**

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

**FOR THE YEAR ENDED 31 MARCH 2021**

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### Reserves Policy

In accordance with Charity Commission guidance the House had a reserves policy which is reviewed annually using a risk identification approach. The Board continued to have a free reserves policy of 12 months of anticipated future cash expenditure.

Anticipated future cash 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 months, is known as the Reserves Ratio. The trustees had set a target reserves figure of £700k to cover 12 months future cash running costs.

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 Charity is almost entirely dependent on voluntary giving. It receives a modest amount of contractual income from "Alder Hey" for 5 rooms but this is only agreed for six months at a time with the hospital. It therefore faces uncertain income whilst the majority of its costs are fixed. It also relies 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.

The Free Reserves currently stand at just above target at £720k (2020: £589k) and the Reserve Ratio is 12 months as at 31 March 2021. This is after releasing the Designated Property Expansion reserve of £300,000.

The impact of COVID-19 on fundraising income in the year was significant and exacerbated the previous shortfalls in income suffered by the Charity over a number of years. As a result, its reserves had been depleted and regular amounts of cash have had to be withdrawn from the investment portfolio this year to fund running costs. The Trustees anticipated that reserves would continue to fall over the next few years and this was the reason behind the decision to consider merging with RMHC.

The Charity holds 2 designated reserve funds. A designated Tangible Fixed Asset reserve of £2,911,233 which represents funds tied up in the property which is used operationally by the charity and cannot therefore be spent and a designated Capital Replacement reserve of £325,000 to cover anticipated future replacement and repair costs of the existing fixtures, fittings, equipment and building. The 5-year business plan includes budgeted costs for essential items equating to this value, but this excludes any significant upgrade to facilities and rooms. The designated reserves 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. Designated funds total £3,236,233 (2020: £3,677,428).

The Charity is holding a small amount of funds in Restricted Reserves £43,589 (2020: £38,251).

Once the merger takes place all funds held by the Charity upon the date of transfer will be held as Restricted Reserves for the benefit of the House at Alder Hey.

# **ALDER HEY FAMILY HOUSE TRUST LIMITED**

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

**FOR THE YEAR ENDED 31 MARCH 2021**

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### **Investment Policy**

The investment strategy of the House was to maximise the return on the funds by investment in a mixed risk investment portfolio. The portfolio was managed by Rathbone Investment Management "Rathbones" who provided quarterly valuations and an annual face to face review. Since March 2020 Rathbones kept in frequent touch with the Charity to update on the impact of Covid-19 on the value of the portfolio. It has also been necessary to make regular cash withdrawals to fund the shortfalls in fundraising income from Covid-19. The chosen risk category was a low 3, on a scale of 1-6 where 6 is the highest risk.

The portfolio structure held a mixture of UK equities, Overseas equities, Gilts/Bonds, Alternatives and Cash. Part of the overseas investments were hedged against significant currency movements. The Board had 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.

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### **Principal Risks and Uncertainties**

The Board continued to assess the major risks to which the charitable company is exposed. The risks were being reviewed on a frequent basis in light of the COVID-19 pandemic. There were systems in place to mitigate exposure to what the Board consider are the major risks.

The Charity operates rigorous financial and operating controls, including:

- Financial policies and procedures
- Operational policies and procedures
- A comprehensive system of annual budgets, approved by the Board, and quarterly financial reporting of actuals against budgets
- Monthly forecasting of predicted income and expenditure
- Regular review and monitoring of reserves policy
- Regular review of its risk register
- Quarterly monitoring of its investment portfolio
- Investment manager attendance at Board meetings on an annual basis

### **Plans for future periods**

In 2023 the House will have reached its 30th year, with just two years until this landmark event everyone involved is looking forward to the next stages in the House development with excitement and anticipation. The charitable world is a challenging environment and coupled with the impact of Covid-19 we are planning for our future to be within the wider Ronald McDonald House Charities UK family,

# **ALDER HEY FAMILY HOUSE TRUST LIMITED**

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

**FOR THE YEAR ENDED 31 MARCH 2021**

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### **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

Mr F R Jones

Ms P M Cole

Mr A G M Higdon

(Resigned 11 August 2020)

Mrs K H Camden

Mr M W Blundell

Mr S A Russell

Mrs A P Pope

Mr R E Robinson

Ms P Brown

#### 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 (McDonald's Restaurants and Alder Hey Children's Hospital) and the general public.

#### 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. All Trustees have also signed the recommended declaration covering automatic disqualification rules for charity trustees and senior manager positions.

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

# **ALDER HEY FAMILY HOUSE TRUST LIMITED**

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

**FOR THE YEAR ENDED 31 MARCH 2021**

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### **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, Finance and 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. The HD is also the Chief Executive Officer for the Charity and 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 (2020: £Nil).

### **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 the House. This Company is currently dormant.

### **Trading Company**

RMH Alder Hey Trading Limited is a dormant, wholly owned subsidiary of the Charity with Net Assets of £2 represented by its Called-up share capital. The Charity undertakes a very modest amount of non-primary purpose trading, in merchandise, directly which is included in these accounts.

### **Auditor**

In accordance with the company's articles, a resolution proposing that DSG Chartered Accountants 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.

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

Ms C M Hart

**Trustee**

29 November 2021

## **ALDER HEY FAMILY HOUSE TRUST LIMITED**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 MARCH 2021***

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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 TRUSTEES OF ALDER HEY FAMILY HOUSE TRUST LIMITED

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#### Opinion

We have audited the financial statements of Alder Hey Family House Trust Limited (the 'charitable company') for the year ended 31 March 2021 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 2021 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 financial statements* 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 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 your attention to note 1.2 to the financial statements which explains the trustees are in the process of completing a merger with another charitable company which will result in all activities, assets and liabilities transferring into the other charitable company and Alder Hey Family House Trust Limited becoming dormant thereafter. Accordingly the financial statements have been prepared on a basis other than going concern as described in note 1.2. Our opinion is not modified in respect of this matter.

#### 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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 TRUSTEES OF ALDER HEY FAMILY HOUSE TRUST LIMITED**

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#### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

# **ALDER HEY FAMILY HOUSE TRUST LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE TRUSTEES OF ALDER HEY FAMILY HOUSE TRUST LIMITED**

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#### **Capability of the audit in detecting irregularities, including fraud**

Based on our discussions with the charity's management and the Trustees, we identified that the following laws and regulations are significant to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards and Charity Law.
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the charity and therefore may have a material effect on the financial statements include compliance with the charitable objectives, public benefit, fundraising regulations, safeguarding and health and safety legislation.

These matters were discussed amongst the engagement team at the planning stage and the team remained alert to non-compliance throughout the audit.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and the Trustees as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of Trustee meeting minutes; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities is available 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 company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

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

29 November 2021

**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 2021

		Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
	Notes						
<b>Income from:</b>							
Donations and legacies	2	251,942	5,338	257,280	373,589	81,054	454,643
Other trading activities	3	81,609	-	81,609	119,900	-	119,900
Investments	4	30,819	-	30,819	38,150	-	38,150
<b>Total income</b>		<b>364,370</b>	<b>5,338</b>	<b>369,708</b>	<b>531,639</b>	<b>81,054</b>	<b>612,693</b>
<b>Expenditure on:</b>							
Raising funds	5	99,162	-	99,162	143,596	-	143,596
Charitable activities	6	770,242	-	770,242	716,972	42,803	759,775
<b>Total resources expended</b>		<b>869,404</b>	<b>-</b>	<b>869,404</b>	<b>860,568</b>	<b>42,803</b>	<b>903,371</b>
Net gains/(losses) on investments	10	195,021	-	195,021	(117,314)	-	(117,314)
<b>Net movement in funds</b>		<b>(310,013)</b>	<b>5,338</b>	<b>(304,675)</b>	<b>(446,243)</b>	<b>38,251</b>	<b>(407,992)</b>
Fund balances at 1 April 2020		4,266,047	38,251	4,304,298	4,712,290	-	4,712,290
<b>Fund balances at 31 March 2021</b>		<b>3,956,034</b>	<b>43,589</b>	<b>3,999,623</b>	<b>4,266,047</b>	<b>38,251</b>	<b>4,304,298</b>

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 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	11	2,911,233		3,052,428	
Investments	12	969,542		964,411	
		<u>3,880,775</u>		<u>4,016,839</u>	
<b>Current assets</b>					
Stocks	14	1,519		1,519	
Debtors	15	9,853		23,489	
Cash at bank and in hand		207,317		325,313	
		<u>218,689</u>		<u>350,321</u>	
<b>Creditors: amounts falling due within one year</b>	16	(99,841)		(62,862)	
Net current assets			118,848		287,459
<b>Total assets less current liabilities</b>			<u>3,999,623</u>		<u>4,304,298</u>
<b>Income funds</b>					
Restricted funds	18	43,589		38,251	
<u>Unrestricted funds</u>					
Designated funds	19	3,236,233		3,677,428	
General unrestricted funds		<u>719,801</u>		<u>588,619</u>	
			3,956,034		4,266,047
			<u>3,999,623</u>		<u>4,304,298</u>

The financial statements were approved by the Trustees on 29 November 2021

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 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	25		(338,705)		(179,783)
<b>Investing activities</b>					
Purchase of tangible fixed assets		-		(10,830)	
Purchase of investments		(69,102)		(124,736)	
Proceeds on disposal of investments		258,992		335,165	
Interest received		30,819		38,150	
<b>Net cash generated from investing activities</b>			220,709		237,749
<b>Net cash used in financing activities</b>			-		-
<b>Net (decrease)/increase in cash and cash equivalents</b>			(117,996)		57,966
Cash and cash equivalents at beginning of year			325,313		267,347
<b>Cash and cash equivalents at end of year</b>			207,317		325,313

# ALDER HEY FAMILY HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2021**

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### **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) (effective 1 January 2019)". 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 a "merger" with another charitable company, Ronald McDonald House Charities (UK), is at an advanced stage and is expected to be completed in December 2021. On completion of the "merger" all activities, assets and liabilities of Alder Hey Family House Trust Limited will transfer to Ronald McDonald House Charities (UK) and Alder Hey Family House Trust Limited will become dormant thereafter. Accordingly the trustees have prepared the financial statements on a basis other than that of a going concern.

#### **1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

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 Income**

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 2021

### 1 Accounting policies

(Continued)

#### 1.5 Expenditure

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 raising funds) 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 20 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 the statement of financial activities.

#### 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).

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 1.10 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 2021

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### 1 Accounting policies

(Continued)

#### 1.11 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.

#### 1.12 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.

#### 1.13 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 2021

### 1 Accounting policies

(Continued)

#### 1.14 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	Unrestricted funds	Restricted funds	Total
	2021	2021	2021	2020	2020	2020
	£	£	£	£	£	£
Donations and gifts	209,722	5,338	215,060	373,589	81,054	454,643
Legacies receivable	26,737	-	26,737	-	-	-
Coronavirus job retention scheme grant	15,483	-	15,483	-	-	-
	<u>251,942</u>	<u>5,338</u>	<u>257,280</u>	<u>373,589</u>	<u>81,054</u>	<u>454,643</u>

Donations and legacies includes intangible income comprising utilities provided which is estimated to be worth £83,119 (2020: £65,220).

### 3 Other trading activities

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Fundraising events	18,447	48,285
Shop income	1,439	6,336
Letting and licensing arrangements	54,600	54,600
Sponsorships and social lotteries	798	640
Other trading activity income	6,325	10,039
	<u>81,609</u>	<u>119,900</u>

# ALDER HEY FAMILY HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 4 Investments

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Income from listed investments	30,591	37,472
Interest receivable	228	678
	<u>30,819</u>	<u>38,150</u>

### 5 Raising funds

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
<u>Fundraising and publicity</u>		
Staging fundraising events	2,423	32,702
Costs of fundraising	11,011	10,542
Advertising	440	5,585
Staff costs	77,567	82,914
	<u>91,441</u>	<u>131,743</u>
<u>Fundraising and publicity</u>		
Trading costs		
Other trading activities	-	2,731
	<u>7,721</u>	<u>9,122</u>
<u>Investment management</u>		
	<u>99,162</u>	<u>143,596</u>

# ALDER HEY FAMILY HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 6 Charitable activities

	2021 £	2020 £
Staff costs	189,522	183,525
Depreciation and impairment	141,195	139,468
Insurance	14,789	14,105
Heat, light, water and rates	93,897	94,089
Maintenance and repairs	46,718	60,754
Stationery, postage and telephone	675	4,582
Cleaning and household	73,778	78,962
Contract maintenance	40,442	41,225
Staff training	408	2,230
Travelling, subsistence and entertaining	269	1,590
Miscellaneous	9	2,957
Night porters	72,041	68,619
Recruitment	535	5,885
Computer expenses	2,826	1,632
	<u>677,104</u>	<u>699,623</u>
Share of support costs (see note 7)	48,474	49,492
Share of governance costs (see note 7)	44,664	10,660
	<u>770,242</u>	<u>759,775</u>
<b>Analysis by fund</b>		
Unrestricted funds	770,242	716,972
Restricted funds	-	42,803
	<u></u>	<u></u>

# ALDER HEY FAMILY HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 7 Support costs

	Support costs	Governance costs	2021	Support costs	Governance costs	2020
	£	£	£	£	£	£
Staff costs	48,474	-	48,474	49,492	-	49,492
Audit fees	-	5,520	5,520	-	6,660	6,660
Legal and professional	-	39,144	39,144	-	4,000	4,000
	<u>48,474</u>	<u>44,664</u>	<u>93,138</u>	<u>49,492</u>	<u>10,660</u>	<u>60,152</u>
Analysed between						
Charitable activities	<u>48,474</u>	<u>44,664</u>	<u>93,138</u>	<u>49,492</u>	<u>10,660</u>	<u>60,152</u>

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 (2020: £Nil) were reimbursed in the period.

### 9 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Administrative	4	4
Operational	8	8
	<u>12</u>	<u>12</u>

#### Employment costs

	2021 £	2020 £
Wages and salaries	280,244	281,044
Social security costs	23,516	23,973
Other pension costs	11,803	10,914
	<u>315,563</u>	<u>315,931</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.

# ALDER HEY FAMILY HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 10 Net gains/(losses) on investments

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Revaluation of investments	168,916	(125,000)
Gain/(loss) on sale of investments	26,105	7,686
	<u>195,021</u>	<u>(117,314)</u>

### 11 Tangible fixed assets

	Land and buildings	Fixtures, fittings & equipment	Total
	£	£	£
<b>Cost</b>			
At 1 April 2020	4,804,401	1,327,763	6,132,164
At 31 March 2021	<u>4,804,401</u>	<u>1,327,763</u>	<u>6,132,164</u>
<b>Depreciation and impairment</b>			
At 1 April 2020	2,114,508	965,228	3,079,736
Depreciation charged in the year	<u>120,022</u>	<u>21,173</u>	<u>141,195</u>
At 31 March 2021	<u>2,234,530</u>	<u>986,401</u>	<u>3,220,931</u>
<b>Carrying amount</b>			
At 31 March 2021	<u>2,569,871</u>	<u>341,362</u>	<u>2,911,233</u>
At 31 March 2020	<u>2,689,893</u>	<u>362,535</u>	<u>3,052,428</u>

# ALDER HEY FAMILY HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 12 Fixed asset investments

	Listed investments £	Other investments	Total £
<b>Cost or valuation</b>			
At 1 April 2020	964,409	2	964,411
Additions	69,102	-	69,102
Valuation changes	168,916	-	168,916
Disposals	(232,887)	-	(232,887)
At 31 March 2021	969,540	2	969,542
<b>Carrying amount</b>			
At 31 March 2021	969,540	2	969,542
At 31 March 2020	964,409	2	964,411

Other investments comprise:	Notes	2021 £	2020 £
Investments in subsidiaries	24	2	2

#### 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 £742,597 (2020: £898,682).

13 Financial instruments	2021 £	2020 £
<b>Carrying amount of financial assets</b>		
Instruments measured at fair value through profit or loss	969,540	964,409
<b>14 Stocks</b>		
	2021 £	2020 £
Finished goods and goods for resale	1,519	1,519

# ALDER HEY FAMILY HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 15 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	506	506
Prepayments and accrued income	9,347	22,983
	<u>9,853</u>	<u>23,489</u>

### 16 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	162	-
Accruals and deferred income	99,679	62,862
	<u>99,841</u>	<u>62,862</u>

### 17 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 2021

### 18 Restricted funds

	Movement in funds			Movement in funds		
	Balance at 1 April 2019	Incoming resources	Resources expended	Balance at 1 April 2020	Incoming resources	Balance at 31 March 2021
	£	£	£	£	£	£
Room for change	-	53,128	(14,940)	38,188	5,338	43,526
Family support workers	-	25,500	(25,500)	-	-	-
Cash for kids	-	1,426	(1,345)	81	-	81
Baby equipment	-	1,000	(1,018)	(18)	-	(18)
	<u>-</u>	<u>81,054</u>	<u>(42,803)</u>	<u>38,251</u>	<u>5,338</u>	<u>43,589</u>

Room for change is a campaign to raise funds specifically for the refurbishment of all the bedrooms at Ronald McDonald House. Funding has been received from numerous sources in the year.

Family support workers - Funding received as a contribution towards staff salaries. Grants have been received from the 23 Foundation, The National Lottery, Medicash, The Eleanor Rathbone Trust and the Edward Gostlin Trust.

Cash for Kids - Funding to purchase toys for the playroom.

Baby Equipment - A grant from the Chrimes Family Trust for equipment for new mums and babies.

# ALDER HEY FAMILY HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 19 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:

	Balance at 1 April 2019 £	Transfers £	Balance at 1 April 2020 £	Transfers £	Balance at 31 March 2021 £
Capital replacement fund	325,000	-	325,000	-	325,000
Tangible fixed asset fund	3,181,066	(128,638)	3,052,428	(141,195)	2,911,233
Property expansion fund	300,000	-	300,000	(300,000)	-
	<u>3,806,066</u>	<u>(128,638)</u>	<u>3,677,428</u>	<u>(441,195)</u>	<u>3,236,233</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 2.5% 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.

Property expansion fund - The Board had also set aside funds into a Building Expansion fund of £300,000 which equated to approximately one quarter of the likely costs of expansion of the existing apartment block. These funds have been transferred back into general unrestricted funds in the light of the net loss for the year and the unlikely prospect of being able to afford any expansion.

### 20 Analysis of net assets between funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Fund balances at 31 March 2021 are represented by:						
Tangible assets	2,911,233	-	2,911,233	3,052,428	-	3,052,428
Investments	969,542	-	969,542	964,411	-	964,411
Current assets/(liabilities)	75,259	43,589	118,848	223,708	63,751	287,459
	<u>3,956,034</u>	<u>43,589</u>	<u>3,999,623</u>	<u>4,240,547</u>	<u>63,751</u>	<u>4,304,298</u>

# ALDER HEY FAMILY HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 21 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:

	2021 £	2020 £
Within one year	139,976	141,150
Between two and five years	-	139,976
	<u>139,976</u>	<u>281,126</u>

### 22 Events after the reporting date

Subsequent to the year end the trustees began working towards the House at Alder Hey joining the wider Ronald McDonald House Charities UK family. A "merger" with Ronald McDonald House Charities (UK) is at an advanced stage and expected to be completed in December 2021. The two charities share the same purpose and are a part of the same global network of charities - providing a 'home away from home' and support for families with children in hospital.

Ronald McDonald House Charities (UK) (RMHC) is a national charity, and works with 12 other NHS partner hospitals at major children's centres. On completion of the "merger" all activities, assets and liabilities of Alder Hey Family House Trust Limited will transfer to Ronald McDonald House Charities (UK) and Alder Hey Family House Trust Limited will become dormant thereafter. Once the merger takes place all funds held by the Charity upon the date of transfer will be held as restricted reserves by RMHC for the benefit of the House at Alder Hey.

### 23 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>52,107</u>	<u>55,409</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.

# ALDER HEY FAMILY HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 24 Subsidiaries

Details of the charitable company's subsidiaries at 31 March 2021 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	Ordinary	100.00	-

The aggregate capital and reserves and the result for the year of subsidiaries excluded from consolidation was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
R M H Alder Hey Trading Limited	-	2

### 25 Cash generated from operations

	2021 £	2020 £
Deficit for the year	(304,675)	(407,992)
Adjustments for:		
Investment income recognised in statement of financial activities	(30,819)	(38,150)
Gain on disposal of investments	(26,105)	(7,686)
Fair value gains and losses on investments	(168,916)	125,000
Depreciation and impairment of tangible fixed assets	141,195	139,468
Movements in working capital:		
(Increase) in stocks	-	(1,519)
Decrease in debtors	13,636	13,584
Increase/(decrease) in creditors	36,979	(2,488)
<b>Cash absorbed by operations</b>	<b>(338,705)</b>	<b>(179,783)</b>

### 26 Analysis of changes in net funds

The charitable company had no debt during the year.

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